ANNUAL REPORT 2011

FCC

Citizen Services

INDEX

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Cartoncat gatos y más, S.L.

May 2012

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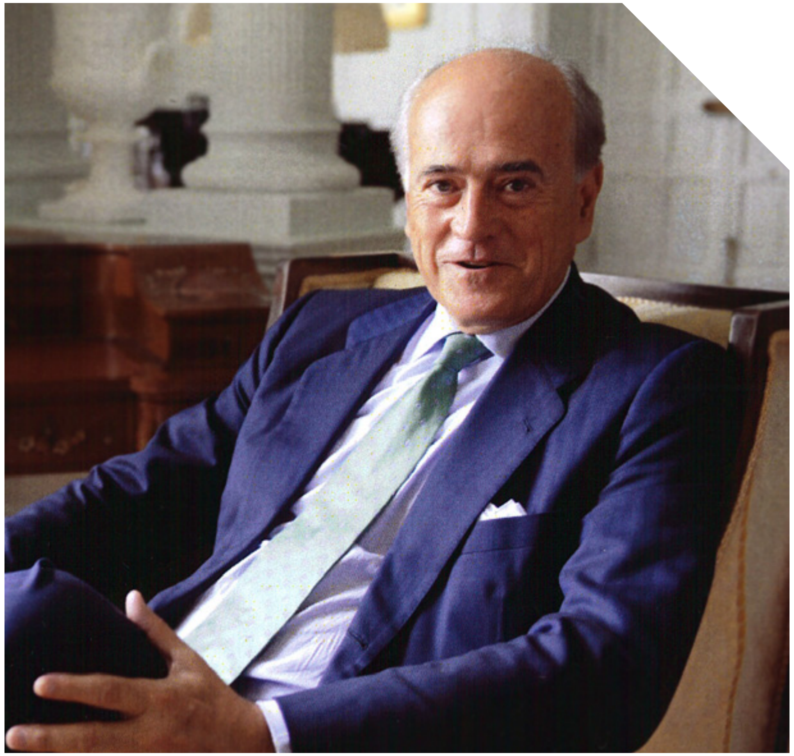
Citizen Services

LETTER OF THE CHAIRMAN AND MANAGING DIRECTOR

LADIES AND GENTLEMEN:



Four years ago we set off on a new path at FCC, one that steers along four strategic lines: **making the Group more international**, ensuring its **financial stability**, improving **efficiency** and committing to **social responsibility** policies based on proximity to our employees, suppliers, shareholders and clients.

Even back then we had the feeling that, after a long period of economic growth buoyed by expansive credit policies, an adjustment of some sort would be coming; but nobody anticipated how harsh our course correction would have to be, how long the depression would last and certainly not the direness of its consequences for several Eurozone countries. Now that there is a recession that is threatening to inhibit the main European economies' job-making capacity for several years, the strategic principles we began to apply in 2008 remain in force just as strongly as ever. Moreover, because of the difficulties in our area of the world and particularly Spain's situation, we are forced to implement our principles to the hilt in order to boost the competitiveness of our firm and its business divisions.

Internationalization is an obligation and at the same time an opportunity. FCC closed fiscal 2011 having earned more than half its turnover outside Spain.

LETTER FROM THE CHAIRMAN

In this process we have the advantage of operating as locals in many of our markets, since our companies there are old established firms that joined the FCC Group only after having made a name for themselves. That is the case of the Waste Recycling Group in the UK (which is gradually switching over to the FCC Environment brand name), .A.S.A. in central and Eastern Europe, FCC Environmental in the USA and our construction subsidiary Alpine in Austria and Germany.

We are local and global at the same time. So, we can take our domestic market knowledge and the experience and references we have earned on the domestic scene and use them to spread to other countries that are safe and dependable legally, politically and economically.

Financial stability is an indispensable strategic line for the future. The Group must utilize its international presence to tap into the pockets of liquidity that exist in certain areas of the world, which can finance infrastructure and business projects that are secure and attractive in the medium and long term. This objective requires us to diversify our sources of financing, in terms of instrument type and geographic provenance.

The supplier payment plan the Spanish government kicked off in the first half of 2012 will contribute decisively to the Group's financial stability. This plan, in which all FCC's departments and areas have been involved, will enable us to reduce the amount of indebtedness due to outstanding accounts. It will also set the stage for a new, more-businesslike relationship with local and regional governments, who will be under the national executive branch's watchful eye. Once a sizeable amount of mature receivables has been collected.

Efficiency is not just a mandate of the hard times we are experiencing; it is one of FCC's historic values. For efficiency's sake we are building a new technological platform that provides support for all our business processes. The new systems for managing things like procurement, human resources, economic information, bonds and guarantees, taxes and accounting are aimed at enhancing business units' efficiency and saving money through process harmonization.

The fourth line refers to our social commitment. FCC feels **social responsibility** is an intrinsic part of business, and consequently it must focus on the people closest to it, employees and clients. The Third Master Plan on Corporate Responsibility passed by the Board of Directors in late 2011 systematizes this concept, which can be summed up as "the commitment to day-to-day sustainability".

The new plan connects FCC's principles ("doing things right, integrity, efficiency and proximity") with those of the Group's activities that have a big environmental component. For a Group that manages environmental services (basically waste and water), designs and builds infrastructure and has invested in renewable energy sources, sustainability is not a slogan; it is a business in itself.

Because the management team has persevered in these four strategic lines, the Group has succeeded at holding its net profits steady at around 300 million euros since the crisis began. The net profit attributed to the parent company in 2011 would have outweighed the figure for 2010 had it not been for the effect of the 301 million euro write-off at

LETTER FROM THE CHAIRMAN

Cementos Portland Valderrivas. These results have enabled FCC to uphold a dividend policy that makes its shares some of the most attractive securities on the Ibex in terms of shareholder returns.

Fomento de Construcciones y Contratas, S.A., is the company at the head of the Group that is paying out the dividends. It reported a net result of 236 million euros in 2011. It paid a gross interim dividend of 0.65 euro per share on 10 January last, to which will be added the final dividend decided by the upcoming Shareholders' Meeting when it votes on the board of directors' dividend proposal. In 2011 the total dividend was 1.43 euros per share, which worked out to a return of 7.2%.

Consolidated Results

The FCC Group earned 108 million euros in fiscal 2011, after applying a 301 million euro adjustment to the books at Cementos Portland Valderrivas. If there had been no adjustment, the Citizen Services Group's consolidated net profit would have been 316 million euros, 15 million euros more than in the preceding fiscal year.

The Group' turnover was 11,755 million euros, just 1.3% less than in the preceding fiscal year. This figure was the result of 13.6% growth in international sales, which almost entirely offset the contraction of the Spanish market. In fact, international markets now account for 52.4% of FCC's total invoicing. By geographical areas, the strongest revenue hot spots were America (48%), Eastern Europe (16.4%), the United Kingdom (9.2%) and Austria and Germany (5.1%).

The ongoing improvement of margins in the environmental and urban service business (including Aqualia, the end-to-end water cycle management division) was enough to offset the drop in infrastructure-linked demand in Spain in terms of gross operating profit (EBITDA). The Group generated an EBITDA of 1,252 million euros, 6.6% less than in 2010. The Services area already provides 65% of the total, as opposed to Infrastructure's 35%. This breakdown does not include the Energy area, which is classified as a discontinued operation and is therefore not consolidated.

The accounting adjustment to Cementos Portland Valderrivas' accounts plus other results of asset sales had a negative impact of 208 million euros on the FCC Group's EBIT.

Calculating the financial result and tax expenditure and adding in the 33 million euros in contributions from other businesses consolidated by the equity method (Proactiva, Globalvía and Realia), the net profit attributable to the parent company was 108 million euros, 64% less than in 2010.

Sharp Reduction of Debt

From the standpoint of the balance sheet, the group closed 2011 with a sharp reduction of financial indebtedness. Debt was cut back by 19% to 6,277 million euros. The decline in indebtedness was due to the combination of the free cash flow generated by operations and the possible divestment of non-strategic assets. The closing figure envisages the deconsolidation of FCC Energía and the Giant Group (owner of the cement plants in the USA), assets that are classified as discontinued operations.

Indebtedness is distributed by business areas in accordance with the nature of the debt, the cash generated and the asset volume involved. Environmental Services bears 68,6% of the debt, which is linked to regulated, long-term public services; the Cement area takes another 15%, while Construction accounts for just over 10% of the total.

The cash flow from investments was positive, 5.2 million euros. This was achieved through strict control over capex (capital expenditures), which was held down to less than amortizations and therefore was self-financing, and 575 million euros in divestments, which came from the disposal of street-level parking facilities (EYSSA), Torre Picasso and other real estate assets.

There are 35,238 million euros in project backlog, which is similar to last fiscal year's level despite the drop in contracting

LETTER FROM THE CHAIRMAN

in Spain. This figure is about seven years of service activity and nearly a year and a half in infrastructure.

The early months of 2012 are seeing doubts as to the Eurozone's ability to generate growth. Some countries, in fact, like Spain, have closed their first quarter with negative growth in their gross domestic product (GDP). Such figures augur a fiscal year of enormous difficulties. In Spain the new government has embarked on a series of structural reforms and adjustments intended to regain the domestic economy's market credibility, but in any case the changes will need time before they can reverse the cycle.

In a setting like this, the best way to tackle difficulties is to persevere along strategic lines that are proving themselves to be effective. In this endeavour, we have the support of a committed Board of Dirtectors led by Esther Koplowitz, who as principal shareholder is with FCC all the way, and management teams that are fully aware of the magnitude of the challenge.

Baldomero Falcones Jaquotot
Chairman and Managing Director

GOVERNING BODIES

BOARD OF DIRECTORS

Baldomero Falcones Jaquotot
Chairman
Managing Director
Executive Director

B-1998, S.L.
Representative: Esther Koplowitz Romero de Juseu
First Vice Chairman
Director, representing a major shareholder

Dominum Desga, S.A.
Representative: Esther Alcocer Koplowitz
Second Vice Chairman
Director, representing a major shareholder

Eac Inversiones Corporativas, S.L.
Representative: Alicia Alcocer Koplowitz
Director, representing a major shareholder

Dominum Dirección y Gestión, S.A.
Representative: Carmen Alcocer Koplowitz
Director, representing a major shareholder

Fernando Falcó y Fernández de Córdova
Director, representing a major shareholder

Marcelino Oreja Aguirre
Director, representing a major shareholder

Rafael Montes Sánchez
Director, representing a major shareholder

Gonzalo Anes y Álvarez de Castrillón
Independent Director

Juan Castells Masana
Director, representing a major shareholder

Felipe B. García Pérez
Secretary General
Executive Director
Vice Secretary of the Board of Directors

Cartera Deva, S.A.
Representative: Jaime Llantada Aguinaga
Director, representing a major shareholder

Larranza XXI, S.L.
Representative:Lourdes Martínez Zabala
Director representing a major shareholder

César Ortega Gómez
Independent Director

Nicolás Redondo Terreros
Independent Director

Antonio Pérez Colmenero
Director, representing a major shareholder

Javier Ribas
Independent Director

Henri Proglio
Independent Director

Francisco Vicent Chuliá
Secretary (non-member)

STRATEGY COMMITTEE

CHAIRMAN

Esther Koplowitz Romero de Juseu,
on behalf of B-1998, S.L.

MEMBERS

Esther Alcocer Koplowitz,
on behalf of Dominum Desga, S.A.

Alicia Alcocer Koplowitz,
on behalf of Eac Inversiones Corporativas, S.L.

Carmen Alcocer Koplowitz,
on behalf of Dominum Dirección y Gestión, S.A.

Fernando Falcó y Fernández de Córdova

Javier Ribas

Juan Castells Masana

Rafael Montes Sánchez

Jaime Llantada Aguinaga,
on behalf of Cartera Deva, S.L.

Lourdes Martínez Zabala,
on behalf of Larranza XXI, S.L.

EXECUTIVE COMMITTEE

CHAIRMAN

Baldomero Falcones Jaquotot

GOVERNING BODIES

MEMBERS

Esther Alcocer Koplowitz,
on behalf of Dominum Desga, S.A.

Alicia Alcocer Koplowitz,
on behalf of
Eac Inversiones Corporativas, S.L.

Fernando Falcó y Fernández de Córdova

Juan Castells Masana

Jaime Llantada Aguinaga,
on behalf of Cartera Deva, S.A.

Francisco Vicent Chuliá
Secretary (non-member)

Felipe B. García Pérez
Vice Secretary (non-member)

AUDIT AND CONTROL COMMITTEE

CHAIRMAN

Gonzalo Anes y Álvarez de Castrillón

MEMBERS

Esther Alcocer Koplowitz,
on behalf of Dominum Desga, S.A.

Alicia Alcocer Koplowitz,
on behalf of Eac Inversiones Corporativas, S.L.

Fernando Falcó y Fernández de Córdova

Juan Castells Masana

José María Verdú Ramos
Secretary (Non member)

APPOINTMENTS AND REMUNERATIONS COMMITTEE

CHAIRMAN

Esther Alcocer Koplowitz,
on behalf of Eac Inversiones Corporativas, S.L.

MEMBERS

Alicia Alcocer Koplowitz,
on behalf of Eac Inversiones Corporativas, S.L.

Carmen Alcocer Koplowitz,
on behalf of Dominum Dirección y Gestión, S.A.

Fernando Falcó y Fernández de Córdova

Rafael Montes Sánchez

Antonio Pérez Colmenero

Jaime Llantada Aguinaga,
on behalf of Cartera Deva, S.A.

Juan Castells Masana

Gonzalo Anes y Álvarez de Castrillón

José María Verdú Ramos
Secretary (non-member)

STEERING COMMITTEE

CHAIRMAN

Baldomero Falcones Jaquotot

MEMBERS

Esther Alcocer Koplowitz

Alicia Alcocer Koplowitz

Felipe B. García Pérez (Secretary)

Antonio Gómez Ciria

Eduardo González Gómez

Francisco Martín Monteagudo

José Luis de la Torre Sánchez

José María Verdú Ramos

José Mayor Oreja

Víctor Pastor Fernández

José Manuel Velasco Guardado

Miguel Hernanz Sanjuan

Juan Bejar Ochoa

STRATEGY

1 CONSOLIDATION OF THE INTERNATIONALIZATION PROCESS

Infrastructure:

Major line-up of international projects: USA, UK, Latin America, Middle East.

Services:

Growth platforms in the UK, Central and Eastern Europe, the USA and Latin America.

Renewable energy:

Synergies with other business areas.

2 MAINTENANCE OF FINANCIAL STABILITY

- Increase in operating cash flows.
- Divestment of non-strategic, mature assets.

  Make a more cohesive group.
- Continued reduction of leverage.

  Founding source.

3 IMPROVEMENT OF THE GROUP'S EFFICIENCY

- Use of the new technological platform that will enable infrastructure to be optimized and business management systems to be harmonized.
- Continuing cost optimization:

  Containment of staff expenses and reduction of overhead and indirect costs.
- Results orientation:

  Fatter margins.

  Employee involvement.

4 INTEGRITY AND CLOSENESS DAY-TO-DAY SUSTAINABILITY

- Master Plan on Corporate Social Responsibility:

  Connection to citizens, smart services, exemplary behaviour
- Active communication that supports business.

  Corporate reputation.
- Updating of the Code of Ethics to conform to the Penal Code reform.

  Deployment of FCC's principles.

RELEVANT EVENTS

REGULATORY DISCLOSURES IN 2011 SENT TO THE CNMV

01/03/2011
Presentation of 2010 earnings and Annual Corporate Governance Report

11/04/11
Call to the Meeting of Shareholders and resolutions.

28/04/11
In its meeting of 7 April 2011, the Board of Directors resolved to appoint Director Mr. Juan Castells Masana to the Appointments and Remunerations Committee.

26/05/2011
Novation agreement and members covenants extension regarding B-1998, S.L., between Dominum Dirección y Gestión, S.A., Eurocis, S.A. and Larranza XXI, S.L.

26/05/2011
The company accepts the charge of Fomento de Construcciones y Contratas, S.A. Director representing a mayor shareholder acceptance by Larranza XXI, S.L.

02/06/11
The resolutions made at the Meeting of Shareholders held in Barcelona on 1 June 2011 were reported, the foremost being the following:

RELEVANT EVENTS

- To proceed to re-elect Dominum Desga, S.A., as a director representing a major shareholder.

At a meeting held on the same date, 1 June 2011, after the Meeting of Shareholders, the Board of Directors in turn passed resolutions including the following:

- To renew the appointment of Dominum Desga, S.A., to the Strategy Committee, the Executive Committee, the Audit and Control Committee and the Appointments and Remunerations Committee.

- To accept the resignations from the Board submitted by Mr. Robert Peugeot and Mr. Miguel Blesa de la Parra.

27/06/11
Report of payment of the final dividend for the 2010 fiscal year, a gross sum of 0.715 euros per share.

01/07/2011
Share buyback program suspension.

06/07/2011
Liquidity agreement signing.

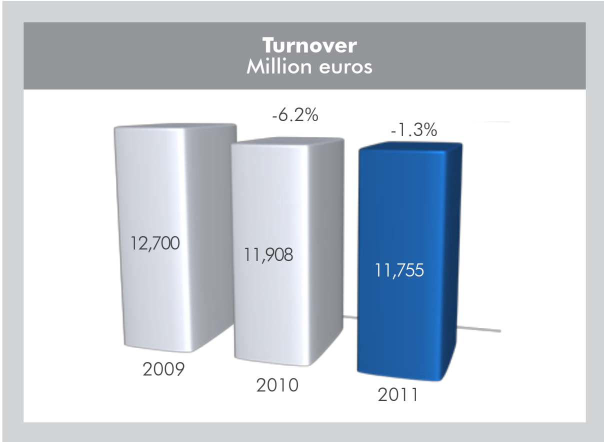
29/07/11
FCC sold its subsidiary, Estacionamientos Urbanos EYSSA, for 115 million euros.

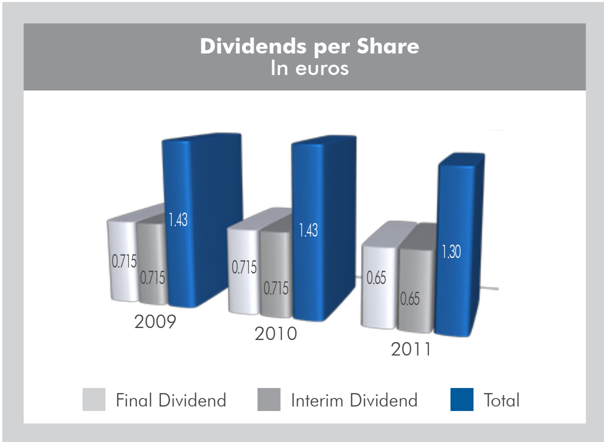
16/12/11
Report of payment of the interim dividend for the 2011 fiscal year, a gross sum of 0.650 euros per share.

29/12/11
FCC re-organised its real estate assets, selling Torre Picasso and the FCC corporate offices in Madrid and Barcelona for 460 million euros.

All these documents are available online: www.fcc.es

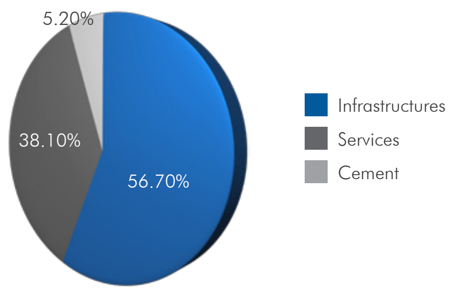
FCC IN FIGURES



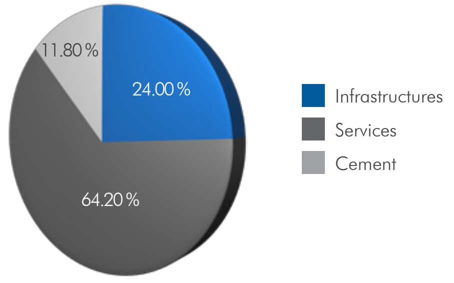


FCC IN FIGURES

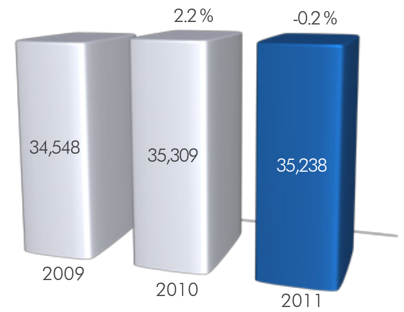
Turnover
By activity



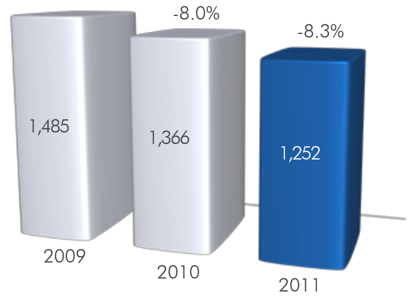
EBITDA
By activity



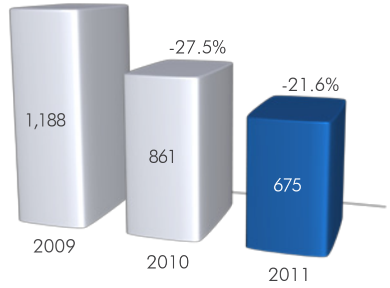
Project and Service Backlog
Million euros



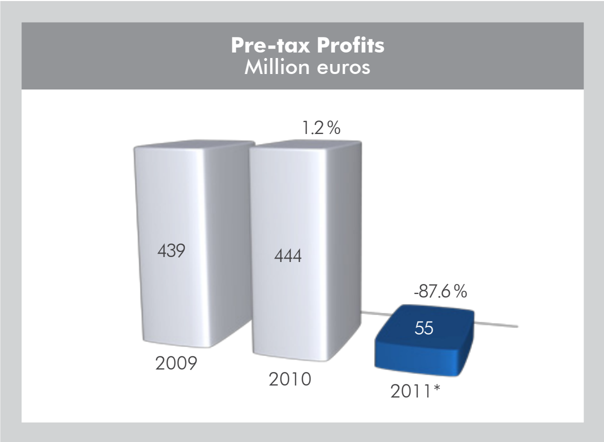
Gross Operating Profit (EBITDA)
Million euros

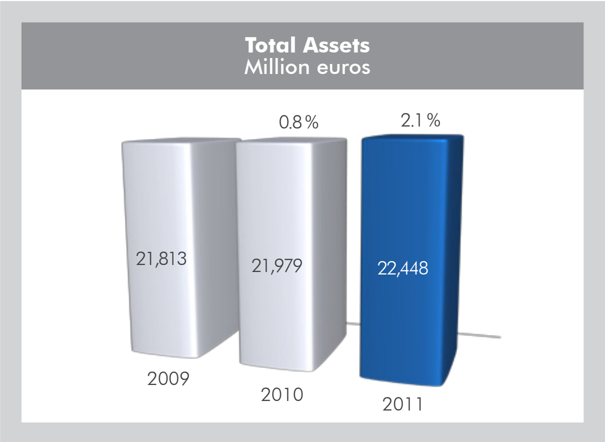


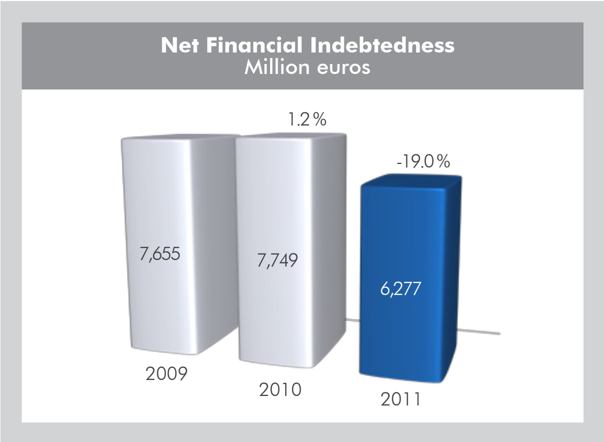
Gross Investment
Million euros

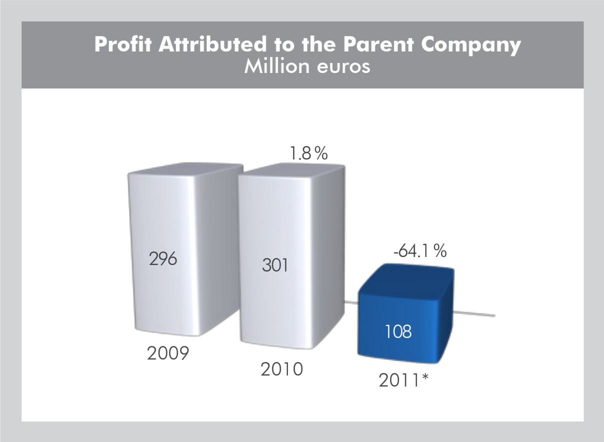


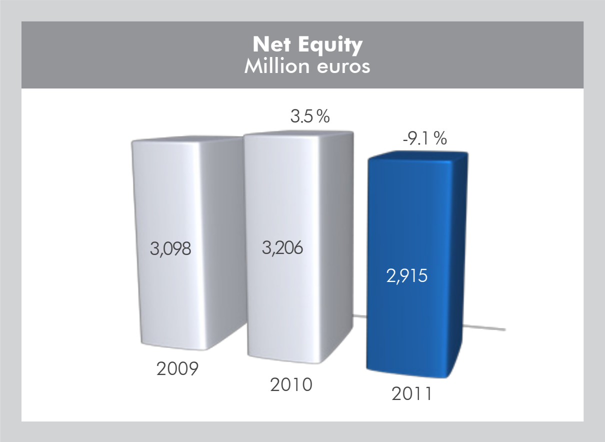
FCC IN FIGURES







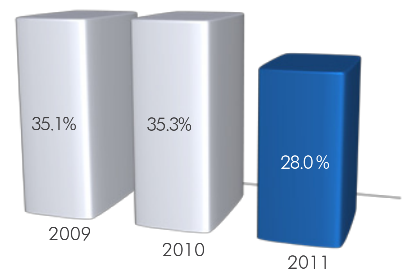




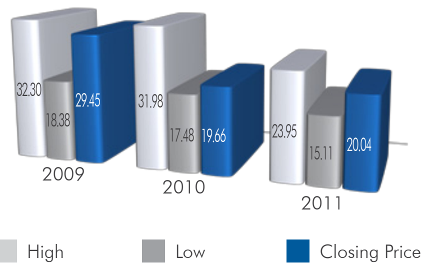
*Includes the extraordinary adjustment in "Other operating income" for 208 million euros.

FCC IN FIGURES

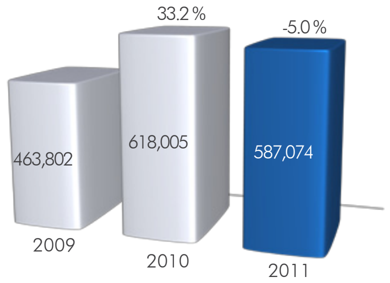
Leverage %
(Net Debt/Total Assets)



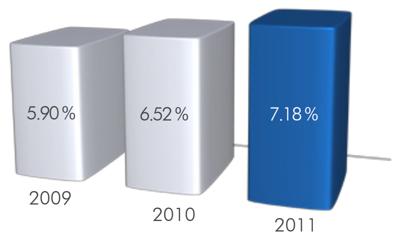
Share Quotations:
High, Low and Closing Price



Trading Volume
Average Number of Shares Daily



Dividend Returns per Share
Calculated with the average quotation for the fiscal year



FCC IN FIGURES

Market and share evolution

During fiscal year 2011, global growth remained limited. Growth was similar to that of the year before, and again it was slighter in the developed countries, which were still bound to a process of fiscal consolidation, especially in the Eurozone. The GDP registered a 1.5% increase in the Eurozone and a 1.8% increase in the USA, as compared to a 3.8% increase in the worldwide economy. In Europe, Germany teamed with France and the Scandinavian countries as the growth leaders, riding on the strength of their exports, their moderate indebtedness and the limited impact of their public spending adjustments. Their situation was the opposite of what continued to be registered by other Eurozone economies such as Spain. Spain, on a path of spending cuts less ambitious than initially anticipated, managed to post 0.8% growth in terms of economic production, in contrast to its production contraction in 2009 and 2010.

Because of the continued expansion of liquidity generated on the North-American market to jump-start demand, the stock market closed flat at the same levels as in 2010. Meanwhile, in Europe the Eurostoxx 50 fell 17.1% due to the weight of the ECB's policy (much more restrictive than that of its North-American counterpart), the cutback in public spending mentioned above and speculative attacks on the euro's stability.

In this context the evolution of FCC's shares over the year was affected by various factors. The demand for investment in activities dependent on construction in Spain was weak in comparison to the growth registered in most markets abroad. In addition, the imbalances exhibited by some Eurozone members and the ongoing revision of the Monetary Union's own operating rules (which allowed only the barest bones of an agreement to be established late in the year on changing the mechanisms for controlling public finances and strengthening financial bailout mechanisms) fed bearish expectations of the euro and ultimately invited related attacks on certain markets (The Ibex 35 registered a 13.1% drop). Similarly, FCC's quotation was affected by the volatility that reigned over the markets throughout the year, but because FCC posted better operating and financial results than anticipated for the period as a whole, quotations rallied in the last quarter of the fiscal year with a 1.9% revaluation, while domestic and European share indices declined.

Stock market capitalization

FCC ended the year with a capitalization of 2,551 million euros, 1.9% higher than the figure registered in 2010, in clear contrast with the evolution observed in domestic and Western (Europe and USA) markets.

Trading

The total volume traded this fiscal year was over 150 million shares. The daily average was 587,074 shares, 5% less than the daily average for 2010. In the year as a whole, 119% of the total share capital of FCC rotated. The daily average cash value traded was better than 11.7 million euros, down 13% from the previous year.

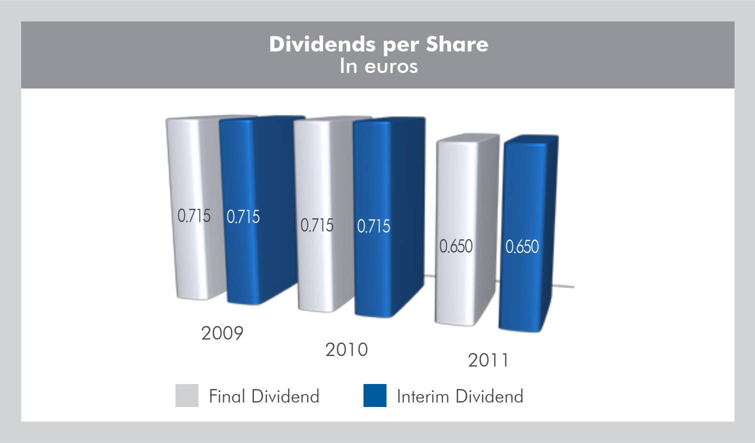
Dividends

If the proposal that will be submitted to the General Meeting of Shareholders in May 2012 is approved, the amount to be distributed to shareholders in the form of dividends paid on fiscal 2011 will be €1.30 (gross) per share, distributed in two payments: the interim dividend of €0.65 per share paid on 10 January 2012 and the final dividend of €0.65 (gross) per share.

This payment would mean the payment per share has declined slightly (9%) from the level of payment in 2010. The shareholder's rate of return is, however, 7.2% of the average quotation registered during the year.

FCC IN FIGURES

The chart shows the breakdown of the evolution of dividends distributed over the last three years.



Treasury shares

As of 31 December 2011 the FCC Group held a total of 12,696,850 treasury shares directly or indirectly, making its treasury share position 9.974% of the share capital.

Practically all the treasury shares were tied into covering the risk of dilution for FCC shareholders stemming from an issue of 450 million euros' worth of convertible bonds in October 2009.

Give the existing treasury share position at the close of fiscal year 2011 and the number of shares needed to cover the potential bond conversions (equivalent to 9.22% of the share capital), the risk of dilution for current shareholders posed by the convertible bond issue has been entirely eliminated.

Shareholders

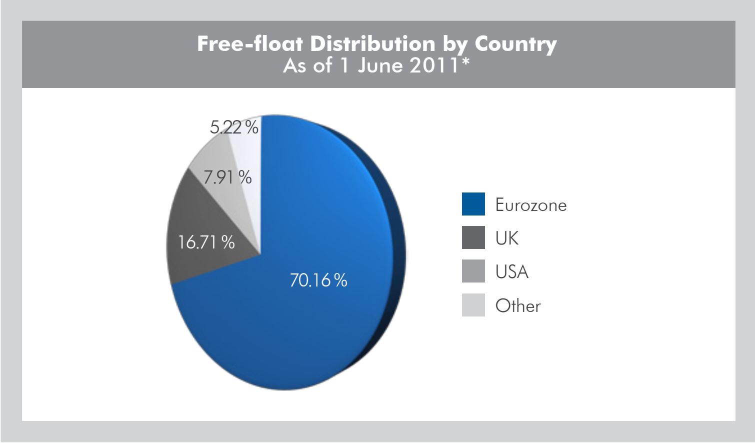
Fomento de Construcciones y Contratas, S.A., issues shares under the book entry system. Those shares are listed on all four Spanish stock exchanges (Madrid, Barcelona, Valencia and Bilbao). According to the information on file in Spanish National Securities Market Commission (CNMV) records, on the closing date of the fiscal year the main shareholders in the company were the following:

Principal shareholders	Number of shares	%/s capital stock
B-1998, S.L.	59,871,785	47.031%
Azate, S.L. (*)	8,653,815	6.798%
The Royal Bank of Scotland PLC	4,330,938	3.402%

*Wholly owned subsidiary of B 1998, S.L.

FCC's free float is 36.2%. Its estimated distribution, without including the company's treasury share position, is: 12.5% Spanish minority shareholders, 14.3% Spanish institutional investors and 9.4% foreign institutional investors.

The composition of the free float is as follows:



*According to June 2011 AGM figures.

FCC IN FIGURES

BALANCE SHEET

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A., AND SUBSIDIARIES AT 31 DECEMBER 2011 (IN THOUSANDS OF EUROS)

ASSETS	31/12/2011	31/12/2010
NON-CURRENT ASSETS	11,074,062	13,393,742
Intangible assets	4,317,029	5,063,681
Property, plant and equipment	4,601,913	5,833,737
Investment property	34,458	259,033
Investments accounted for using the equity method	1,115,719	1,222,895
Non-current financial assets	461,999	415,799
Deferred tax assets	542,944	598,597
CURRENT ASSETS	11,373,405	8,585,395
Non-current assets held for sale	1,846,971	—
Inventories	1,271,355	1,138,375
Trade and other receivables	5,496,798	5,491,691
Other current financial assets	395,689	225,763
Other current assets	59,951	50,915
Cash and cash equivalents	2,302,641	1,678,651
TOTAL ASSETS	22,447,467	21,979,137

EQUITY AND LIABILITIES	31/12/2011	31/12/2010
EQUITY	2,914,940	3,206,301
Equity attributable to Parent	2,378,884	2,562,930
Shareholders' Equity	2,813,024	2,840,066
Valuation adjustments	(434,140)	(277,136)
Non-controlling interests	536,056	643,371
NON-CURRENT LIABILITIES	7,535,310	10,962,527
Grants	159,721	104,693
Long-term provisions	1,083,109	1,047,836
Non-current financial liabilities	5,160,308	8,628,968
Deferred tax liabilities	995,468	1,156,043
Other non-current liabilities	136,704	24,987
CURRENT LIABILITIES	11,997,217	7,810,309
Liabilities associated with non-current assets classified as held for sale	1,396,653	—
Short-term provisions	178,887	143,233
Current financial liabilities	4,840,637	1,988,231
Trade and other payables	5,577,414	5,662,968
Other current liabilities	13,626	15,877
TOTAL EQUITY AND LIABILITIES	22,447,467	21,979,137

INCOME STATEMENT

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A., AND SUBSIDIARIES AT 31 DECEMBER 2011 (IN THOUSANDS OF EUROS)

	31/12/2011	31/12/2010
Revenue	**11,754,765**	**11,908,088**
In-house work on non-current assets	53,641	62,752
Other operating income	322,310	335,882
Changes in inventories of finished goods and work in progress	66,897	13,301
Procurements	(5,515,387)	(5,589,896)
Staff costs	(3,292,672)	(3,258,153)
Other operating expenses	(2,137,231)	(2,105,851)
Depreciation and amortization charge	(643,516)	(659,217)
Allocation to profit or loss of grants related to non-financial non-current assets and other grants	2,890	2,700
Impairment and gains/losses on disposals of non-current assets	(98,693)	145,018
Other gains or losses	(112,208)	(76,689)
PROFIT FROM OPERATIONS	400,796	777,935
Finance income	89,839	59,499
Finance costs	(501,341)	(391,478)
Changes in fair value of financial instruments	13,198	(30,486)
Exchange differences	8,455	20,864
Impairment and gains/losses on disposal of financial instruments	10,760	(4,972)

	31/12/2011	31/12/2010
FINANCIAL LOSS	(379,089)	(346,573)
Results of companies accounted for using the equity method	**33,286**	**12,903**
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	54,993	444,265
Income tax	(27,154)	(97,761)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	27,839	346,504
Loss for the year from discontinued operations, net of taxes	(24,925)	(32,921)
CONSOLIDATED PROFIT FOR THE YEAR	2,914	313,583
Profit attributable to the Parent	**108,248**	**301,253**
Profit (loss) attributable to non-controlling interests	**(105,334)**	**12,330**
EARNINGS PER SHARE (Note 17)		
Basic	0.94	2.60
Diluted	0.94	2.56

SERVICES

SERVICES

DEPARTMENT OF SERVICES

Citizen services, and especially environmental services, have been part of the company's core activities practically ever since FCC was founded over a hundred years ago. They account for 38.3% of the turnover and 64.9 % of the gross operating results.

FCC splits its service business into two areas:

- With urban sanitation, namely, solid urban waste collection, treatment and elimination, street cleaning, sewer system maintenance, the full water cycle, industrial waste management and park and garden upkeep.
- Versia, which coordinates all the business related with urban furniture maintenance, logistics operations, conservation and systems, airport services and industrial vehicle sales.

THE ENVIRONMENTAL SERVICES DIVISION PROVIDES SERVICES FOR 3,456 SPANISH CITIES AND TOWNS, HOME TO A POPULATION OF OVER **27.8** MILLION INHABITANTS.

SERVICES

Sector Analysis of environment in Spain

Last fiscal year a total of 339 tenders were awarded in the urban sanitation field, which covers the activities of solid waste collection and treatment, public street cleaning and sewer system maintenance. This figure was 24% lower than in 2010. The joint annual sum earmarked for urban sanitation tenders came to 593 million euros, as opposed to 2,243 million euros the year before. The big difference was because 2011 was an election year for local and regional governments, as we announced at the close of last fiscal year. Therefore the forecasts for this fiscal year were accurate.

The activity registered in the building and retail space cleaning and maintenance subsectors and the park and garden maintenance and upkeep subsector, where contracts worth 1,161 million euros in annual allocations were awarded, was up 38% from the figure registered in the fiscal year before (841 million euros). There were 783 tenders, fewer than in the previous fiscal year. The annual allocation rose due to the increase in the number of tenders announced for building and retail space cleaning. The forecasts for 2012 are higher than those for fiscal year 2011.

FCC's Activity

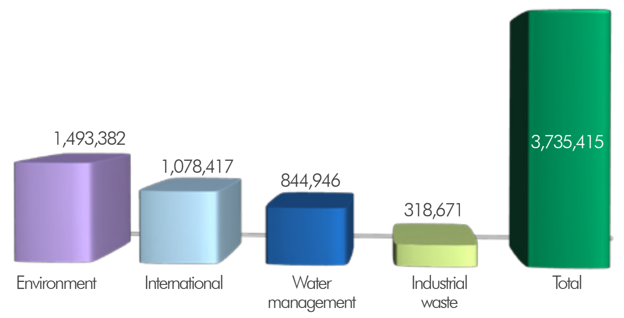
FCC renders urban sanitation services in 3,456 cities and towns throughout Spain, covering a joint population of over 27.8 million inhabitants. During 2011 FCC collected 7 million tonnes and 8 million tonnes where treated.

CONTRACTS AWARDED TO FCC MEDIO AMBIENTE IN 2011

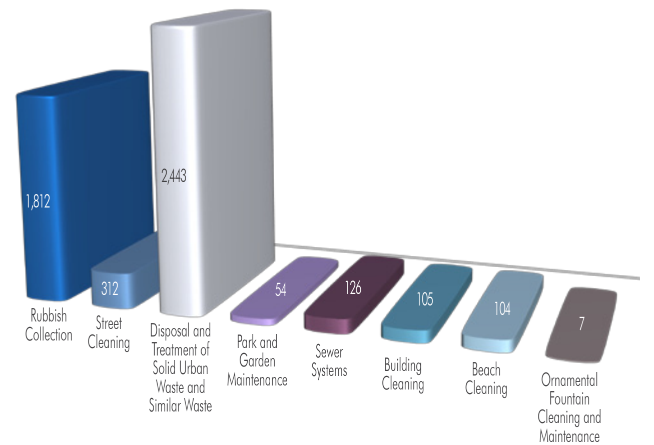
Street-cleaning service and solid urban waste collection Maracena City Council, Granada	20 years
Solid urban waste collection and shipment to treatment plant Moguer City Council, Huelva	25 years
Door-to-door rubbish collection and shipment to landfill Santanyí City Council, Mallorca	10 years
Solid urban waste collection service and street-cleaning service Ciutadella City Council, Menorca	10 years
Solid urban waste collection service and city cleaning service Manresa City Council, Barcelona	10 years
Waste collection service and public street-cleaning service Gerona City Council	8 years
City park and tree maintenance and upkeep service Las Palmas de Gran Canaria City Council	4 years
Solid urban waste collection service, cleaning service for city squares and furniture collection service Arucas City Council, Las Palmas de Gran Canaria	10 years
Operation of the sorting plant for light packaging Salamanca City Council	4 years
Upkeep and maintenance service for gardens, trees lining streets, floral structures and planters Bilbao City Council	4 years
Cleaning service for the Burgos sewer system Authority: Sociedad Municipal Aguas de Burgos	4 years
Cleaning service for the Renault factories in Palencia, Valladolid and Sevilla Contract awarded by: Renault España	3 years
Construction and operation of the Guipúzcoa waste management centre Contract awarded by: Consorcio de residuos de Guipúzcoa-Guipuzkoako – Hondakinen Kudeaketa, S.A	8 years and 9 months

SERVICES

Turnover
Consolidated data 2011. Thousands of euros.



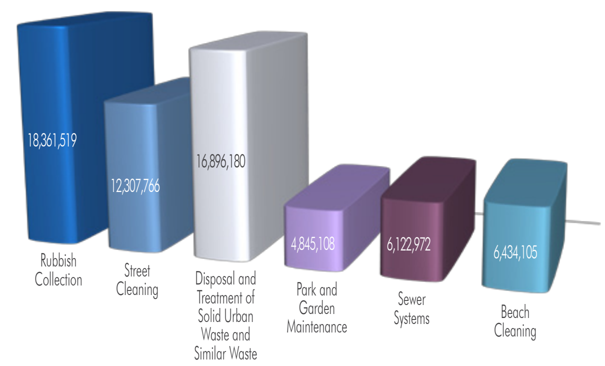
No. Cities and Towns Covered



Summation of cities and towns covered*: 3,456

* If various services are rendered for the same city or town, the city or town is counted just once.

Population Covered
By Service



Summation of population covered (total inhabitants)*: 27.809.338

* If various services are rendered for the same city or town, its population is counted just once.

INTERNATIONAL ENVIRONMENT

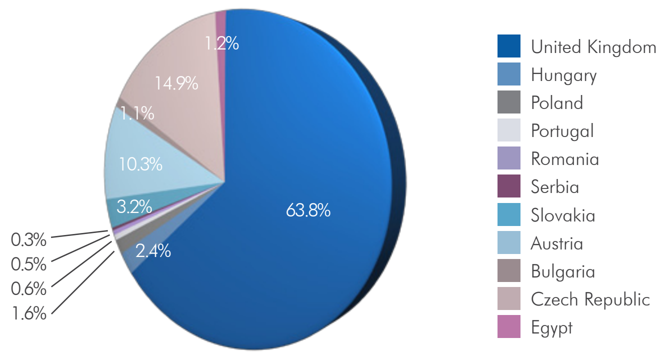
The International Environment Division is one of the leading end-to-end solid urban waste management and energy recovery operators in the United Kingdom, Central and Eastern Europe and Northern Africa. It does business in 11 countries: the United Kingdom, Austria, the Czech Republic, Slovakia, Hungary, Poland, Romania, Bulgaria, Serbia, Portugal and Egypt.

During 2011 the International Environment area won a total of 45 tenders for rubbish collection, rubbish transport, rubbish treatment, rubbish disposal and street cleaning in the geographical areas listed below:

CONTRACTS WON ABROAD

FCC United Kingdom (WRG)		FCC Central and Eastern Europe (ASA)	
Contracts awarded:	19	Contracts awarded:	26
Population covered:	8,061,147 inhabitants	Population covered:	177,820 inhabitants
Tons treated:	514,000 per year	Tons treated:	230,875 per year
Annual invoicing:	£12,421,602	Annual invoicing:	€12,085,000

International Environment Division. Turnover in 2011
Geographical Location



Some of the more significant contracts won in 2011:

FCC UNITED KINGDOM (WRG)

- PFI contract for the county of North Lincolnshire, United Kingdom.
  - Services rendered: Treatment and recycling of the municipal and commercial waste of the county of North Lincolnshire. The proposed solution includes the design, construction and operation of a plant that subjects 69,000 tons of waste per year to a combined mechanical/biological treatment to produce a fuel to be burned in the cement industry.
  - Population covered: 157,000 inhabitants.
  - Contract term: 27 years.
- PFI project operation and maintenance contract with Bradford and Calderdale, United Kingdom.
  - Services rendered: Shipping, treatment and disposal of the municipal and commercial waste of Bradford and Calderdale, so that recycling and landfill objectives can be met.
  - Contract term: 25 years.
- Civic amenity site management contract with the county of Buckinghamshire, United Kingdom.

SERVICES

TURNOVER: 1,078.4 MILLION EUROS.

- Services rendered: Management of civic amenity sites and recovery and sales of recyclable products.
- Population covered: 497,000 inhabitants.
- Contract term: 15 years.

- Civic amenity site management contract with the county of Neath Port Talbot, United Kingdom.
  - Services rendered: Management of civic amenity sites.
  - Population covered: 140,000 inhabitants.
  - Contract term: 6 years.
- Civic amenity site management contract with the county of Warwickshire, United Kingdom.
  - Services rendered: Management of civic amenity site.
  - Population covered: 483,000 inhabitants.
  - Contract term: 10 years.
- Civic amenity site management contract with the county of Hertfordshire, United Kingdom.
  - Services rendered:Management of civic amenity sites.
  - Population covered: 1,010,231 inhabitants.
  - Contract term: 3 years.
- Contract with the county of Nottinghamshire, United Kingdom.
  - Services rendered: Landfill management.
  - Population covered: 776,000 inhabitants.
  - Contract term: 3 years.

FCC CENTRAL AND EASTERN EUROPE (ASA)

- Contract to recover contaminated soil, signed with the Ministry of Finance in the Czech Republic.
  - Services rendered: Recovery of soil contaminated with hydrocarbons and other products and cleaning of underground water resources.
  - Contract term: 5 years.
- Construction and operation of a transfer station for the city of Prague.
  - Services rendered: Transfer and shipping of municipal, commercial and industrial waste from the Dáblice transfer station in Prague to regional ASA landfills.
  - Population covered: 650,000 inhabitants (50% of the city).
- Expansion of street-cleaning services in the city of Bratislava.
  - Services rendered: ASA renders 50% of the street-cleaning and winter services of the city of Bratislava through its subsidiary TSA. These services have been expanded by 25%.
  - Contract term: 8 years.
  - Population covered: 330,000 inhabitants.

TECHNOLOGICAL INNOVATIONS

Technologies for reduced emissions, environmental improvements and energy efficiency. Innovations in electric vehicles.

The research and innovation work the company does is aimed at finding innovative solutions for our services. The essential points our technological developments are based on are, first, to reduce the emissions of machines and facilities and, second, to seek solutions that are well ahead of the requirements of the legislation in force, such as introducing engines that run on compressed gas and spreading the use of compressed gas as a fuel to all our services.

FCC's fleet now numbers more than 1,200 vehicles of this type, making it the number-one company in Europe by number of vehicles assigned to urban environmental services. Furthermore, improvements have been sought in vehicle and machinery safety, manoeuvrability and performance. All these strides mean sustainable solutions are being incorporated under the “Smart Cities” framework.

Electric vehicles and hybrid electric vehicles have been making some remarkable leaps in evolution lately. No less remarkable is the way our services have been gradually incorporating such vehicles in our fleets and consolidating their use. Right now the company has 32 type-KB I electric or hybrid compacting rubbish collectors in service in

SERVICES

THE OBJECTIVE IS TO REACH THE POINT WHERE ALL OUR SERVICES CAN BE POWERED ELECTRICALLY, THAT IS, WITH ZERO EMISSIONS.

Madrid, Barcelona and Zaragoza, and it recently incorporated vehicles designed especially for street scrubbing and sluicing in hard-to-reach historic areas.

These are ZEV (Zero Emission Vehicles), which run on electricity while cleaning and recharge their batteries as they head back to base to reload on water, after which they are ready to return to the electric mode for their next work phase. With 55-kWh batteries and an electrical power system weighing a total of 1,400 kilograms, a vehicle can be powered throughout its entire working day; and since the vehicle can recharge its own batteries, it can even work for two or three consecutive days.

This is the most advanced technology there is for rubbish collection and street cleaning services, and it is available thanks to research and technological development carried out by FCC with the most important international firms in the field of electric engines and batteries.

During 2011 the use of vehicles of this kind was consolidated and expanded. Today the fleet's total strength is as shown in the chart.

Technological Innovations in Non-mobile Facilities

Service yards sprawl over large areas of land filled with parking areas for extra-large vehicles, service buildings and offices. These facilities consume a considerable amount of water and quite a lot of energy, too. Because FCC is concerned about cutting down on consumption and emissions, it has recently installed systems to reduce water consumption and use renewable energy.

Water reuse systems have been introduced at the Madrid and Barcelona service yards so far. These systems treat grey water from the staff dressing rooms so it can be used to wash vehicles and machinery. There is also technology for reusing vehicle-washing water on the spot. It was rolled out for the first time in 2011, at the washing stations used by the subcontractor that collects solid urban waste and cleans the streets in Pozuelo de Alarcón.

The technology uses compact, dual-effect evaporating equipment that makes it possible to reuse up to 95% of the water utilized at the washing station. This plus the practice of reusing water from the dressing rooms considerably reduces emissions and the amount of drinking water consumed. In all physical, chemical and microbiological parameters, the quality of the water produced by this treatment for reuse is even better than the strictest quality requirements set in Spanish Royal Decree 1620/2007 for the reuse of wastewater.

Another highly interesting feature of the technological evolution of non-mobile facilities is how renewable energy has been brought in. For example, solar thermal energy is used to heat water for sanitary use. There are 315 panels installed at present, with a radiant area of more than 724 m^2. They save upward of 408,742 kWh per year and make the sanitary water-heating system energy-autonomous for more than five months per year.

SERVICES

Technological Work in EfW Plants

Waste collection and sorting systems are growing increasingly complex in response to the need to make better use of waste as a resource and in response to society's greater awareness and exigency on behalf of the environment and better resource use.

That is why the new plants FCC is helping to develop to produce energy from urban waste incorporate different systems, so they can more effectively meet the requirements placed on them.

The EfW (energy from waste) plant built into the Guipúzcoa Waste Management Centre is designed to be flexible enough to handle a range of waste types classified by collection system, degree of treatment and any material recovery processes already run.

To coax the best possible performance out of the plant, advanced energy recovery technologies have been incorporated in the project, the foremost of which are described below:

The grill system for waste combustion is set up in five different zones, arranged so that the first three are water cooled and the last two are air cooled. Combustion is thus optimized, and adjustments can be made to suit the different characteristics of different types of waste and the variations in their heat-producing potential.

There is a system that uses the heat drawn off from the grille during cooling. The warmed-up water is used to pre-heat the air in the air circuits before it is allowed into the combustion chamber.

The combustion control system optimizes the waste combustion conditions for different loads and waste types by adjusting the grille-shaking frequency, air flows, air circulation, and so on, in order to produce the amount of steam desired at the time.

The boiler has been designed to generate high-pressure steam under nominal conditions of 420°C at 55 bar. These characteristics are specific to steam generation in the most advanced kinds of plants, which combine high-efficiency heat recovery with great safety of operation.

Heat use and heat recovery have been calculated into all stages in order to optimize the performance of the plant's water/steam cycle. The facilities are equipped with heat exchangers, to heat the condensates that are reused in various ancillary processes and the hot water for the centralized water system.

The most advanced technologies for recovering energy during waste incineration have been borne in mind in this plant's conception and design. These technologies and the experience gained during their conception and design will be taken into account in FCC's future plans for plants of this type, so as to ensure optimum process performance together with high reliability in operation and service availability under different load conditions for different waste types, while reducing environmental impact to below the limits set by current legislation.

SERVICES

aqualia

Analysis of the Sector

Nobody is unaffected by the current economic plight, which has led after several uncertain years to an especially complicated situation. In this context, the different levels of government have all adopted a policy of reining in investments in all publicly owned areas, including water. The upshot has been a decrease in public investment in infrastructure construction and renovation, and that, obviously, has had an impact on the income statements of firms in the construction sector.

On the other hand, domestic and European authorities are still tending to demand ever-higher levels of excellence in terms of technology and health. As a consequence of all this, the sector's main companies are repositioning themselves, strengthening their commitment to act as effective partners for government, offering clients solutions for compliance with the most demanding standards, with innovation and the most advanced technology, which guarantee maximum efficiency and quality in citizen service.

Within these complex dynamics, **aqualia** has dug in as the sector leader, pressing hard on two key concepts: diversification and internationalization. The real capability to cope with any demands the sector might make, be it locally or internationally, is not something many public or private organisations on the market have. This real capability becomes especially palpable in the end-to-end water cycle. It's a complex process, one in which citizens participate, and one that demands excellence in each of its phases –catchment, treatment, analysis and quality testing, distribution through the water supply system, metering, return to the environment through the sewer system after purification and even reuse for other purposes. Every bit of the cycle requires complete transparency and linkage to the rest of the process.

FCC's Activity

For aqualia 2011 was a positive year, with 1,185 million euros' worth of contracts between renewals and new additions. The company submitted 261 bids with a success rate of better than 60%, which enabled it to fatten its backlog by 2.5%. aqualia has a remarkably stable, anti-cyclical backlog, which was worth 13,136 million euros at the close of the fiscal year.

Over the last few years aqualia has considerably increased its activity beyond Spain's borders. Its tactics for expansion are to take a solid local position, with a backlog of contracts regulated by economic and financial equilibrium and, in most cases, direct consumer billing and low bad debt rates. The area that has really gone international is aqualia infraestructuras; 90% of its transactions come from beyond our borders. In 2011 it consolidated its presence in the Romanian market as well as in Portugal, where 130,000 citizens can now receive services under the new Fundao and Cartaxo contracts. New territories were brought on board last year, too, such as the Middle East, where the company blazed a new trail by winning two major contracts, in Riyadh and Abu Dhabi. The other important tenders the company won included Gijón's East Wastewater Treatment Plant; a treatment plant in Niksic (Montenegro); and the construction of the El Caracol pumping station and a wastewater treatment plant in the city of Salamanca, both in Mexico. The company is pursuing an ambitious yet prudent drive to expand into emerging markets that are adequately regulated and can provide legal certainty. The plan is for aqualia's work there to also mean improved quality of life for the countries' citizens.

Altogether, aqualia is already doing business in 17 countries on four continents, and it chalks up 33% of its backlog of work to international activity. International business grew by 7% last year, to 4,356 million euros. In its latest list, Global Water Intelligence, one of the sector's most prestigious publications, ranked FCC's water specialist as the number-three company in the world in terms of inhabitants served, with 28.2 million consumers in 1,100 cities and towns all over the world.

aqualia reasserted its leadership in the domestic market with the renewal of services such as those the company provides in Ávila and Fraga, Huesca, the concession of water service for Llagostera, Gerona, and the award of a contract in Baena, Córdoba.

aqualia industrial has participated alongside other FCC companies in the construction of the water treatment plant for the decontamination facilities at Flix Reservoir (Tarragona). The sheer complexity of the decontamination work makes the Flix project one of the most significant industrial effluent projects awarded in 2011 in Spain. When the work is finished, the area can be recovered for society-friendly uses. aqualia industrial also had a hand in the facilities for

SERVICES

treating inflow water and effluents for the solar thermal plant in Guzmán, Córdoba (developed by FCC Energía), the new treatment plant in Navantia and a new facility for treating inflow water and condensates for Cepsa's refinery in Tenerife.

An important point to stress is that the company is currently using two fundamental criteria to guide how it renders services: diversification of services and evolution toward what are called "smart services". On the diversification front, **aqualia** is one of the few companies in the entire world capable of undertaking projects related with every kind of use there is for water, be it for human consumption, farming or industry.

The "smart services" label covers all those services that consume only what is necessary, generate clean energy and care for the environment. Services of this kind use new technologies for citizens and extend new channels of communication toward citizens. Under this concept, **aqualia** has an integrated management system that encompasses cities, citizens and the environment, based on innovation and the use of information technologies. These technologies make it possible, first, to have more information with which to take efficient decisions and, second, to open new channels of communication with consumers, who now have better, easier ways of contacting their service manager.

One of the areas to which the most resources are routed is RDI. Research, development and innovation at **aqualia** focus on three major areas: quality, sustainability and end-to-end management. During 2011 the company was a partner in a score of RDI projects. All in all, **aqualia** is participating in 65 million euros' worth of projects in progress. The company works hand in hand with the government in this area, too, so some of its projects (such as VIDA and All-gas) are being run beneath the umbrella of big-name research programmes, such as CENIT (which is a programme of the Spanish Ministry of the Economy and Competitiveness) and FP7 (which is a European Union programme).

In its zeal to reach new heights in quality, **aqualia** added to its AENOR certifications in the course of the year. The company was the first in the FCC Group to have the security of its customer information management system certified pursuant to UNE-ISO 27001:2007. Furthermore, the Denia (Alicante) service had its energy management system certified under UNE-EN 16001:2010. In Portugal, the firms in Campo Maior and Elvas joined the **aqualia** quality and environment system. In May the company received the "Equality in Enterprise" insignia from the Ministry of Health, Social Policy and Equality, in recognition of the way **aqualia** promotes career development and achievement for its employees under a guarantee of equal opportunities.

During the 2011 fiscal year, a great many contracts for the management of public services in different Spanish cities and towns were signed, renewed and expanded. The foremost were:

- End-to-end management of water supply and sanitation services for Villa de Arico (Santa Cruz de Tenerife).
- End-to-end management of the municipal water supply and sewer service for the city of Yepes (Toledo).
- Management of the public water supply and sewer service for Caspe (Zaragoza).
- Concession for the management of the public drinking-water and sewer service of Llagostera (Gerona).
- Management of the municipal drinking-water supply, sewer and wastewater treatment service for Íscar (Valladolid).
- Management of the municipal public water supply, sanitation and treatment service for the city of Baena (Córdoba).
- Management of the water supply and sanitation service for Yuncler (Toledo).

- Management of the public drinking-water supply and sanitation service for Fraga (Huesca).
- Management of the service covering the public sanitation system in the Baix Ebre district (Tarragona).
- Management of the water supply and sanitation service in Ávila.
- Maintenance, upkeep and operation service for the wastewater treatment plant and sewer system in El Puerto de Santa María (Cádiz).

SERVICES

FCC Ambito is the specialist in the FCC Group's Industrial Waste Division. During the 2011 fiscal year it consolidated its international business: Turnover invoiced outside Spain over the last few months of last year outstripped domestic turnover, although it still accounted for a level 50% of the accumulated annual total for the full year.

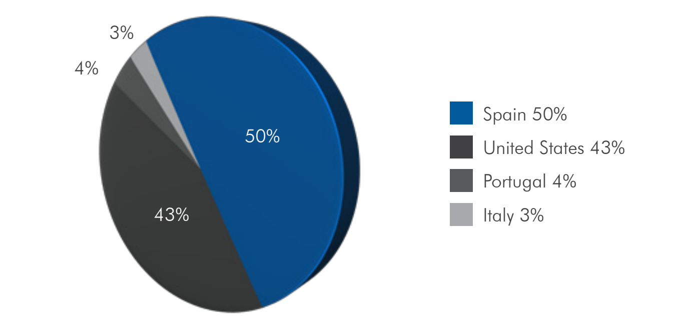
FCC Ambito's sales volume amounted to over 317 million euros. That means its sales rose 13.5% since 2010 and its international turnover increased by 37.4%.

While domestic business was slightly less than last fiscal year (-3.4%), the rest of FCC Ambito's international markets (USA, Portugal and Italy) registered a considerable increase in sales, profits and returns.

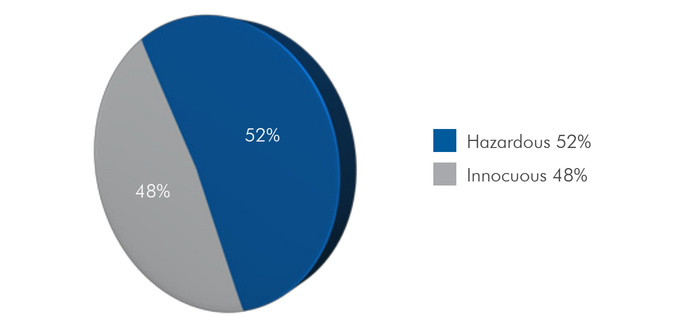
Progress on the most significant as-yet unfinished projects continued during the fiscal year:

- Work to decontaminate Flix Reservoir in Tarragona is in the initial phase. A barrier has been constructed to isolate the affected flow of water, and supplementary facilities have been built.
- Sludge management for the project in Syracuse, Italy, has hit cruising speed, now that the route for sludge removal by sea is open. An entire ship has been outfitted specifically for the operation and is devoted entirely to sludge removal. It is currently ferrying an average of 12,000 tons of extracted waste to decontamination each month.
- In Portugal the three major decontamination jobs awarded to FCC Ambito have been completed. This made for a considerable increase in the number of tons managed at the facilities in the Ribatejo district: The facility handled 167,000 tons, nearly twice the expected quantity.

Geographical Area

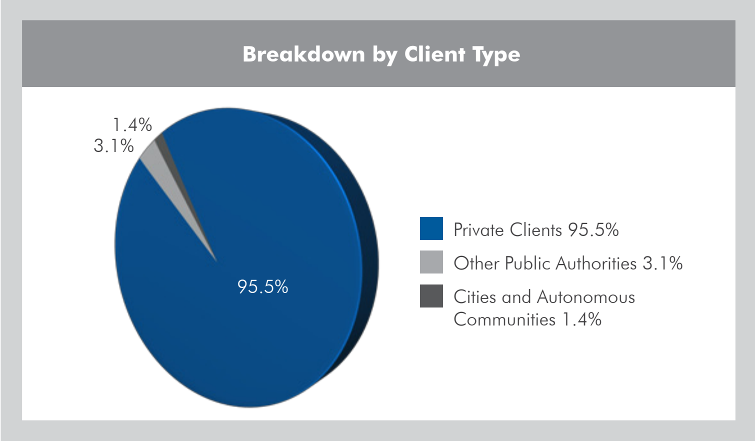


Breakdown by Service Type



SERVICES

- In the United States of America, turnover leaped up to over 30% more than in the preceding fiscal year. APEX-FCC Oilfield Services, a new joint venture organized to recycle the waste created in oilfield drilling and operation, is growing at a fine pace. It already has three facilities in operation and expects to start up another two during the current year.
- Another strategic project has been launched to secure the future of business in the NorthAmerican sphere: the creation of FCC Lubricants, a joint venture to employ used oils to make and refine bases for lubricating oils. With this project, FCC will not only get much more added value in USA hydrocarbon collection, but also embark on a new kind of business, selling and marketing recycled oil.



This FCC subsidiary keeps scouting for new international markets into which it can expand, and it expects to gather the fruits of its search very soon. Analogously, in the areas abroad where FCC Ambito is already working, the company continues to apply a policy of maximum development of the entire portfolio of services and activities that make up the full-service specialty in Spain, in everything having to do with the waste produced by industry.

INTERNATIONAL TURNOVER UP 37.4%

SERVICES

FCC versia,s.a.

VERSIA'S CONSOLIDATED TURNOVER CAME TO **767.3** MILLION EUROS.

FCC diversifies its business into different non-environmental services through **FCC Versia, S.A.**, which heads up the following activities:

- Logistics
- Airport handling
- Urban furniture
- Conservation and systems
- Sales of cleaning vehicles and specialty vehicles (SVAT)

In 2011 Versia sold off its parking services, in accordance with the policy of concentrating on certain of the Group's strategic business areas.

Versia has persevered in its drive to optimize its production structures and cost control structures and also to improve its indebtedness ratio.

FCC Logística, S.A. renders services in Spain and Portugal. Its clients are some of the leading firms in a range of sectors, including the automotive, pharmaceutical, food, cleaning-product, perfume, cosmetic, appliance and household electronic sectors. Management and operation of mass distribution platforms and B2B and B2C goods-shipping platforms complete the picture of the realm this division of the Citizen Service Group works in.

In some of the foremost events of the fiscal year:

- An automated order preparation facility went into operation in Valdemoro (Madrid), which works with the mass distribution sector.
- A modern storage system was installed and put into operation to boost the capacity of the hub in Cabanillas del Campo (Guadalajara).
- A 15,000-m² platform was inaugurated in Antequera (Málaga), dedicated to the Mahou-San Miguel Group, to serve customers in Andalucía and Badajoz.
- Over 40 million euros' worth of contracts with clients in various sectors were extended.

TURNOVER: **270.8** MILLION EUROS.

SERVICES

flight care
Ground services

Flightcare, S.L., is the FCC service company that provides ramp-, passenger- and cargo-handling services at 14 European airports. In Spain the company provides ramp- and passenger-handling services at the airports in Barcelona, Málaga, Alicante, Valencia, Fuerteventura, Jerez and Almería, and cargo-handling services in Madrid, Barcelona, Valencia, Alicante, Málaga and Almería.

Flightcare is the principal ramp- and passenger-handling operator in Belgium and one of the leading cargo-handling operators at Brussels Airport. It can also be found at the airports in Ostend-Bruges, Liège and Charleroi.

In Rome it is the principal independent handling agent at Fiumicino Airport and the only independent operator at Ciampino Airport.

In 2011 it served more than 35 million passengers flying with 250 companies, totalling 313,587 movements and handling 309,675 tons of cargo.

Over the last year some important contracts were signed with new clients, including Thai in Brussels, SAS in Spain and Eritrean, Gulf Air and BMI in Fiumicino.

Other major contracts were renewed, with clients such as Tunis Air in Brussels; the Thomas Cook Group in Brussels; Delta, Wizzair and Air Berlin (Flightcare's number-one client in Spain) in Spanish airports; and Egyptair, Royal Jordanian, Windjet, Ethiopian, Fedex and TNT, just to mention a few, at Fiumicino Airport.

TURNOVER: 239.1 MILLON EUROS.

CEMUSA

TURNOVER: 135.9 MILLON EUROS.

CEMUSA specializes in designing, manufacturing, installing and maintaining many kinds of urban furniture and marketing advertising space on urban furniture. With 25 years' professional experience and some 160,000 items of urban furniture installed all over the world, CEMUSA is the leading Spanish firm in its sector and one of the primary outdoor advertising groups, internationally speaking. This FCC subsidiary provides services for more than 160 cities and towns in Europe. Big cities such as New York, Madrid, Rio de Janeiro, Barcelona, Boston, Lisbon, Milan and Brasilia also showcase CEMUSA's urban furniture designs, which are produced in cooperation with architects and designers of recognized worldwide prestige.

While 2010 brought a return to growth after the worldwide recession, 2011 saw the consolidation of the recovery (revenue up 5% over the year before), despite the volatility of the markets of southern Europe.

Last fiscal year CEMUSA backed up its commitment to technological innovation and the digital medium and successfully launched its Cemusa Tec brand, to impart fresh energy to points of sale and bundle together other existing digital products. Furthermore, CEMUSA can now cite the Rambla Digital circuit in Barcelona in the same breath with the digital urban advertising it already runs in Madrid and New York. Rambla Digital is a project to revitalize the Las Ramblas area of Barcelona, a sightseer's and shopper's paradise.

CEMUSA was the firm chosen in Italy last year to provide a makeover for Bologna, a city where CEMUSA has been providing urban furniture since 2005. The new contract calls for the installation and management of more than 425 outdoor communication panels that contribute to the city council's plan to harmonize Bologna's different advertising formats and reorganize the entire city's outdoor communications. This includes communications in the historic centre of Bologna, one of the best-preserved historic areas in all Europe.

SERVICES

TURNOVER: 38.3 MILLON EUROS.

Conservación y Sistemas, S.A. is a firm specializing in the design, installation, operation and maintenance of traffic management and shadow toll projects in interurban road systems, safety facilities in road and railway tunnels and urban infrastructure maintenance and upkeep. Its areas of action are:

- City upkeep and other services: Pavements, sewer tunnels and systems, irrigation and water distribution.
- Traffic management systems, tunnel control and safety systems and remote control and safety systems for railways and tram systems.

Main services and projects:

Urban Service Upkeep

- Sewer system upkeep in various cities and towns in the Community of Madrid.
- Upkeep of the service tunnel system in the city of Madrid.
- Cleaning of bus lane separators in Madrid.
- Upkeep of the irrigation system in Móstoles.
- Maintenance of the Abroñigales and Los Migueles storm water catchment facilities in Madrid.
- Upkeep of ornamental fountains and the irrigation system in Valdemoro (Madrid).

Street and Road Work

- Surface repairs in the central area of Madrid.
- Compressed-gas filling stations for EMT, the municipal transport company of Madrid.
- Work and improvements in different cities and towns of Madrid (Getafe, Fuenlabrada, Alcobendas and San Fernando de Henares).
- Maintenance of public schools in the Chamberí district of Madrid.
- Pipes for electricity networks belonging to GasNatural-Fenosa.

Projects and Services for Canal de Isabel II

- Work to renovate and repair the water distribution and supply system belonging to Canal de Isabel II (Casa de Campo Division).
- Plans for facilities and setbacks in the Canal's water distribution systems.

Traffic Management and Control Systems

- Auto-Estrada Transmontana in Portugal.
- Radar maintenance service in Cataluña.
- Control systems for the Monrepós Tunnels and tunnels on road C-17 in Cataluña.
- Systems for the Zaragoza tram and line 1 of the Murcia tram.

SVAT
SISTEMAS Y VEHICULOS DE ALTA TECNOLOGIA, S.A.

TURNOVER: 18.2 MILLON EUROS.

Sistemas y Vehículos de Alta Tecnología (SVAT) sells high-tech equipment and vehicles for city sanitation, coastal water and beach cleaning and industrial cleaning.

In 2011 SVAT remained the leader in sales of compact city street sweepers featuring technological improvements that have reduced pollutant gas emissions, sound levels and fuel and water consumption.

The technological innovations SVAT launched in street-sweeping machinery in Barcelona in 2009 were reflected this year in many other Spanish cities. The dual sweeping system with tile-scrubbing and water-recycling capability was so warmly received that the system was built into 47% of the RAVO street sweepers delivered in 2011.

The first street sweepers with a 72 km/hour travelling speed and ABS brakes were delivered in Murcia. They are the only approved street sweepers on the market just now, and they are especially suited for covering a number of closely grouped cities and towns. In addition, the first CNG-powered street sweeper went into service in Igualada, Barcelona.

The main cities where street-cleaning machines were delivered were: Barcelona; Tarragona; Valladolid; Murcia; Las Palmas; Palma de Mallorca; Calviá (Mallorca); L'Hospitalet de Llobregat, Barcelona; Gerona; Rivas Vaciamadrid (Madrid); and Fuengirola (Málaga).

The sewer-cleaning market recovered slightly. Combined units that suck water in and jet it back out were delivered in L'Hospitalet de Llobregat, Córdoba, Pamplona, Madrid and Sevilla.

CONSTRUCTION

CONSTRUCTION

ANALYSIS OF THE CONSTRUCTION SECTOR

Current Setting

Forecasts for the **world economy** in the year 2012 point to a slowing pace of growth. These expectations stand shrouded by vast uncertainties, and Europe and its sovereign debt trouble are the main element of instability.

The OECD has estimated that the eurozone's growth will barely manage to hit 0.2% for the year as a whole and growth will be negative in some countries. There is an increasing probability that growth will contract, possibly well into 2012. The sovereign debt crisis in Europe, its effects on financial systems and credit and the measures states are taking to address their high public deficits, against a backdrop of non-stop conflict in the Middle East and geopolitical tension in Iran, are factors that will hamper business and therefore world growth in 2012.

Spain failed to meet its deficit target last fiscal year. Instead, the Spanish deficit was minus 8.5% of the GDP, 2.5 points higher than anticipated. This fact has affected our credibility as a country and requires ruthless adjustment in 2012 and 2013.

The IMF estimates that the GDP will fall 1.7% this year, and the Bank of Spain says 1.5%. The Spanish economy is entering a second recession, and forecasts for 2012 are looking at a 1- to 2% decline in business activity.

For the first time since Spain became a democracy, the Spanish economy has registered a double-dip recession. The starting point for recovery is therefore weaker, and the leeway open to fiscal and monetary policy is narrower.

The government has taken some extremely responsible action, despite the cost it will have to pay for its tough measures in terms of political capital. It has set a public deficit target of -5.8% of the GDP for 2012 and a public spending ceiling of 118.565 million euros, 4.7% lower than in 2011. These measures and the heralded structural reforms are the right tack to take to get back to economic growth, job creation and renewed confidence.

Spain's economy is expected to recover later and more slowly than that of other European countries, because the problem of the private sector's high indebtedness, its dependence on foreign financing and the high unemployment rate remains unsolved.

The recent labour reform is good news, objectively speaking, and the recent institution of measures to pay suppliers will enable many companies to weather the solvency and liquidity crisis and inject liquidity into the system.

Bridge over the Pisuerga River, Valladolid

CONSTRUCTION

It is to be expected –as supported by "Strengths and Perspectives of the Spanish Economy", a report by the Business Council for Competitiveness, which echoes a recent IMF study– that the Spanish economy will be able to get back onto the path of growth in business and productivity:

- Spain is one of the main European markets in terms of per-capital GDP and size
- It has leading businesses in key sectors that are widely diversified in high-growth markets
- It has a powerful infrastructure system

In the meanwhile, construction is accumulating setback after setback in the course of a lengthy crisis that has already dragged on for more than five years, and the Spanish building sector will have to wait until well into 2013 for a full recovery.

Despeñaperros Bypass

This situation affects and is in turn partly due to the residential segment (where demand is at a standstill due to the lack of financing) and civil engineering works (where the budgetary adjustment has been ruthless).

The construction sector, thronging with too many companies, has been forced by economic circumstances to restructure. Workforces have been adjusted, and costs have been brought under tight control. With few exceptions, small and medium-sized builders have been unable, due to their low capitalization, to seek business abroad (the path that has enabled the big listed builders to offset the decline in domestic activity and maintain their project backlog). As a result, 134,000 of these minor builders have gone under in the last three years.

The Construction Sector

The construction sector is facing its fifth consecutive year of production declines, hitting all four traditional subsectors (residential, non-residential, refurbishment and civil engineering works), with 135,940 million euros in total production and a negative variation of 8.2% in real terms since 2010 (-3.0% in building and -18.0% in civil engineering works).

In 2011 the negative impact of investment in construction on the growth of the Spanish economy was fortunately moderate, 1.3 points as opposed to 3.1 in 2009 and 1.7 in 2010. The highest negative contribution made by investment in construction, estimated at 3.3 points, happened in the second quarter of 2009.

Apparent cement consumption, a classic indicator of the construction business's health, registered an expressive drop of 17.2% in 2011, two points more than in 2010, dropping back to the kinds of figures recorded in 1987; in the last four years it has accumulated a decline of close to 64%.

The investment in construction (GAV), which accounted for 15.5% of the GDP in 2010, shrunk to 14.0%, still 3.9 points more than the average for the eurozone, on which Spain's investment level is inexorably converging.

By subsectors, **residential building** held steady at 26% of the total in 2011 (still eight points more than in Spain's neighbours). The balance is down 5% from 2010, as opposed to 17% in fiscal 2009, when the crisis dragged figures to rock bottom.

There were 78,286 permits to build new homes in 2011, 14.5% fewer than in the fiscal year before. The accumulated decline since the high in 2006 was 92%. Construction was begun on 51,956 non-price-controlled homes, 17.6% fewer than in 2010. In the fourth quarter of last year, the figure was 10,286 non-price-controlled homes, which makes for a 16.3% decline from the third quarter and a 25.7% reduction in year-on-year terms.

A total of 179,351 homes were finished in 2011, down 35.2% from 2010 (an accumulated reduction of 73% from the figure's high in 2008). Of the total, 121,043 were not under price control (44.6% less than in 2010), and 58,308 were definitively confirmed as publicly sponsored (no variation from the number of confirmed homes in 2010).

According to data from the Spanish National Institute of Statistics, housing purchases dropped 17.7% in 2011 after a positive turn in 2010 (6.8%, buoyed by the effect of tax incentives). Of the 361,831 transactions performed, 49% were for new homes and 51% were for second-hand properties. The worst fiscal years for these transactions were 2009 and 2008, when housing purchases plummeted 24.9% and 28.6%, respectively.

Non-residential building accounted for 18% of business, down 2% from the previous fiscal year (three points higher than the variation between 2010 and 2009, when the reduction was 5%). Building permits in this subsector experienced a 17% drop (one point more than in the previous fiscal year).

Building refurbishment and maintenance, which made up 27% of the total, fell off by 1% (three points less than in 2010). The execution budget for expansions and improvements went down by 19% in nominal terms (as opposed to the 2% decline registered in the fiscal year before).

The refurbishment subsector presents investment figures 16 points below its European Monetary Union counterparts and therefore continues to have room to grow. In fact, this subsector's contribution to production in construction is going up every year in Spain.

Civil engineering works, currently the construction industry's heavy hitter, accounted for 29% of the sector's total production, down 18% from the fiscal year before. This is the second year of decline. The accumulated two-year reduction is now in excess of 30% as a consequence of the different fiscal consolidation measures, which have seriously penalized real investment.

Refurbishment of Real Coliseo Carlos II, Aranjuez, Madrid

CONSTRUCTION

During 2011 Spain wrenched fourth place in the European Union construction market back from the United Kingdom, with 11.3% of the total. Spain now ranks after Germany (which is in first place with 19.1%), France (18.2%) and Italy (12%).

Government calls for tenders have been falling for five years straight. The value of all public works tenders called by all levels of government closed 2011 at 13,818 million euros, nearly half what it was the year before, less than one-third of the historic high reached in 2006 and the lowest sum of the last 15 years.

The development of public demand with respect to the GDP is down 3.4 points from the high reached in 2006 to 1.3 percent of the GDP in 2011. That is the lowest level in the available series.

Tendering has been affected by slashing cuts to the investment effort made by local governments (-67.9%) and regional governments (-61.4%). These declines have not been offset by the growth in calls for tenders by the national government (+18.5%); the national figure is up thanks to a boost provided by the Ministry of Development, the biggest and also the most active investor (+38.8%).

The volume of projects in the form of concessions put out to tender by all levels of government together totalled 5,560 million euros in 2011, 47.1% less than the preceding fiscal year, and equal to 0.5% of the GDP. In a break from the pattern of years before, last fiscal year the biggest volume came from the national government and local government. Road infrastructure remained the primary type of concession.

THE JOB MARKET

The working population employed in construction has accumulated a 52% reduction over the last four years. The current employment figure, 1,393,000 jobs, is comparable to the figure for 1998. Development suffered throughout 2011, with a decline of 15.6% in comparison to the figures for 2010.

Between 1986 and 2009, 21% of all new jobs were created in the construction sector. In the last four years, 1,300,000 jobs have been wiped out in the sector. In 2009 construction accounted for 41% of all jobs destroyed; in 2010, 55%; and in 2011, 73%.

The number of people from the sector registered in the General Social Security Procedure amounted to 845,509 contributing employees in December last, having lost 55% (1,025,619 contributing employees) since December 2007. The loss in 2011 was 160,616 contributing employees. Labour costs picked up in the third quarter and grew by 1.5%, the greatest increase since late 2009.

The number of people registered in the Self-Employed Procedure came to 396,111 contributors in late December, 162,807 fewer than in December 2007.

CONSTRUCTION

The consensus on how the Spanish economy will be affected by the labour reform together with other measures already taken is unanimously positive. The reform aims in the right direction, which is moreover the direction mapped out by the EU, and its effects on employment will be felt during the fiscal year. The reform affects all three major issues, contracts, flexibility and the objectification of grounds for dismissal.

FORECASTS FOR 2012

The forecasts for 2012 point toward a tendency consistent with the recessive cycle, with a decline of 7 to 10% in the sector's overall production in constant terms.

In 2011 investment in construction siphoned off 1.3 points from the economy's growth, compared to 3.1 points in 2009 and 1.7 points in 2010. An early estimate for the year in progress casts a more moderate prediction of 1.1 points.

Investment by the two main investing ministries (the Ministry of Development and the Ministry of the Natural, Rural and Marine Environment), their agencies, public entities, business enterprises and publicly owned companies as outlined in the draft legislation on the 2012 National Budget will come to 12,114 million euros, 23% less than in 2011 in current terms. That works out to a 20.9% reduction for the Ministry of Development (10,268 million euros) and a 33.2% reduction for the Environment Ministry (1,846 million euros).

Investment in infrastructure is a capital variable in the economic recovery process, and it plays a dual role: It is a stabilizer because of its effect on short-term business and employment and medium-term productivity and growth.

It is to be remembered that investment in infrastructure brings in a short-term fiscal yield of 57% and a long-term yield, factoring in all the effects of investing in infrastructure, of close to 80%. For every million euros invested in infrastructure, the fiscal yield for the government is 570,000; and for every million cut back in investments, 18 jobs are destroyed.

By subsectors, and more specifically in the case of residential building, business will either become stable or follow a gentle decline, depending on how well the housing stock is absorbed. The gradual reawakening of residential building is vital for job creation. Three out of every four jobs lost over the last four years can be traced to the standstill in real estate, which drags another twenty significant sectors of the Spanish economy with it in a chain reaction.

CONSTRUCTION

Non-residential building production will go down by as much as 6% and will rise when the markets' recovery has been consolidated. This will happen, as in the past, in stages: first offices and leisure, then retail and logistics.

Civil engineering works, represented basically by public investment in infrastructure, will experience a decline of between 20 and 24% in 2012 from the investment made in 2011, provided that there are no more additional budget cuts to real investment, which would entail even more intense adjustments.

Concessions set up as public/private partnerships for infrastructure projects cofinanced by the government look like an encouraging source of activity for the construction sector during this legislature. Major rail and road projects are the most likely candidates.

Tarragona Police Station

The sector is hoping that the major lines of action will be aimed at promoting goods shipping by rail, solving the Mediterranean Arc's water deficit, reviving projects shut down by the previous legislature in the form of concessions and boosting private financing with public/private contracting schemes.

Internationalization

If Spanish building firms have become widely diversified geographically, it is because of Spain's internal economic situation. Harsh measures have been taken to adjust our country's economy, which is in the process of deleveraging; and companies with big potential generated during the boom of the recent past have thus been forced to seek out new markets and adapt, in order offset the decline in business with projects abroad. The need for infrastructure in developing countries has opened up new opportunities and new challenges.

Today the major Spanish building firms are leaders in markets unheard of less than a decade ago, and their backlog exhibits an increasingly significant share of works abroad, where Spanish builders compete with firms from other countries on a level playing field.

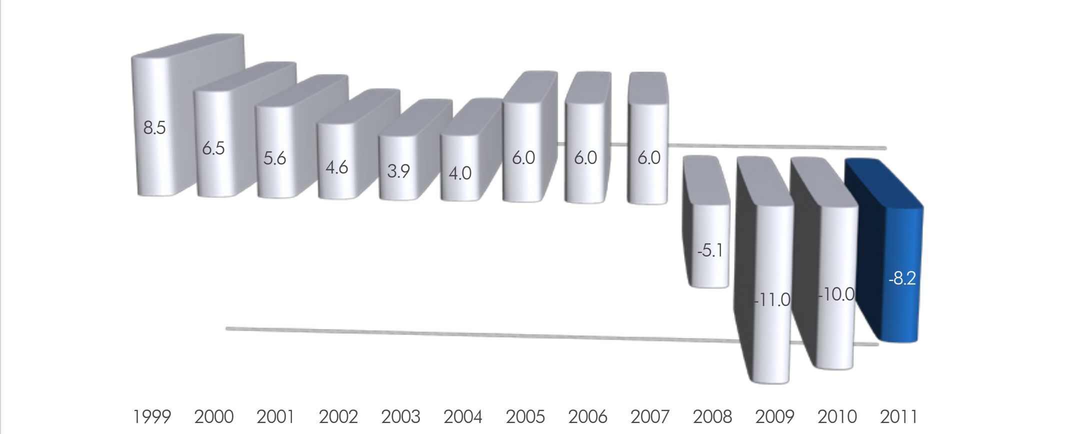
Construction is the only economic sector of Spain that has several true multinationals that compete successfully in international calls for tenders. The internationalization of major builders is a reality, and that reality has enabled the big Spanish construction firms to withstand the sharp reduction in domestic business, thanks to projects abroad.

DEPARTMENT OF INFRASTRUCTURE

FCC CONSTRUCCIÓN'S ACTIVITY

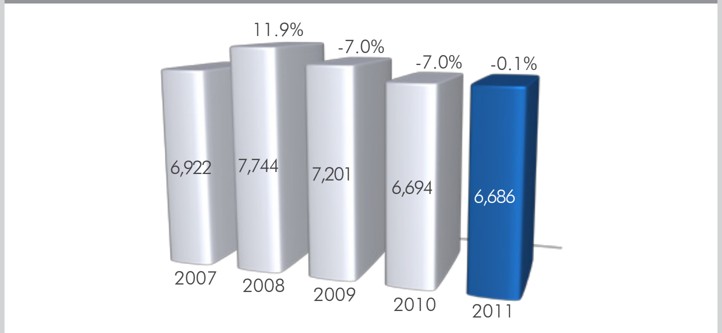
FCC Construcción, S.A., reported 6,686 million euros in turnover in 2011, 0.1% less than in the previous fiscal year. It earned 65.3% of its total invoiced turnover outside Spain. Business abroad continues to bulk large in the Group's overall turnover, where it accounts for 56.9%.

Annual Variation Rates
In constant terms (Source: Seopan)

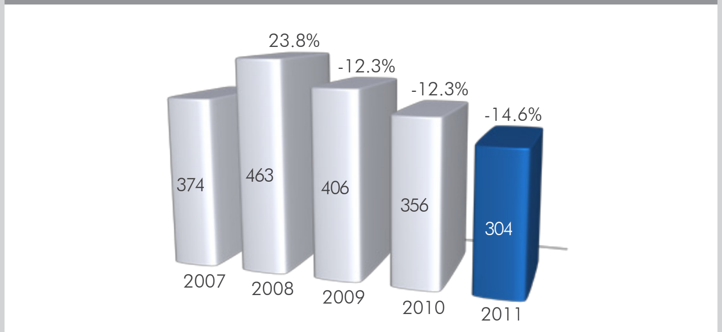


The gross operating result came to 304 million euros, which means the result is down 14.6% since 2010. The construction business contributed 25.3% to the Group's total EBITDA.

Turnover
Million euros



Gross Operating Profit (EBITDA)
Million euros



CONSTRUCTION

FCC Construcción

MOTORWAYS, DUAL CARRIAGEWAYS AND ROADS

This is the busiest subsector of civil engineering works and the subsector that generated the greatest amount of production and project backlog.

The list below gives the most important contracts won in the last fiscal year:

El Nalón Corridor, Asturias

- **Dual carriageway AG-47 between Curro and Baiom. Section I: between the Curro site and the coastal junction. Meis, Pontevedra.** The work consists in building a 2,470-metre-long section of dual carriageway having a standard cross-section 26 metres in width with two 12-metre-wide carriageways.
- **Design and construction of the Vía Brasil corridor, Section I**, as part of Panama City's Master Plan for Road Reorganization. Two flyovers will be planned and built for the intersections where Vía Brasil crosses Avenida Simón Bolívar and Avenida Ricardo J. Alfaro. All the roads involved will have four lanes apiece, and the project will be executed in phases to ensure that traffic flows smoothly in the meantime.
- **Design and construction of the Vía Brasil corridor, Section II**, as part of Panama City's Master Plan for Road Reorganization. Several undercrossings will be designed for the intersections where Vía Brasil crosses calle Nicanor Obarrio and Vía Israel. The latter two thoroughfares will be lowered to pass beneath Avenida Brasil. Each undercrossing will be 320 metres long.
- **Repair of the Eastern bridge access and construction of the new Centennial Bridge**, in Panama. The job consists in stabilizing the Southern carriageway by reshaping the embankment and then reinforcing it with shotcrete.
- **Construction of junctions on the Cabo San Lucas/San José del Cabo Bypass, in the State of Baja California Sur, Mexico.** The contract includes the slip roads leading from the inland dual carriageway to the cities of San José del Cabo and Cabo San Lucas. The junctions are designed for vehicles travelling at 110 km/hour.

AIRPORTS

- **Shopping areas in Gran Canaria Airport.** The job includes replacing dropped ceilings and building systems, reflooring and resurfacing in order to convert certain areas of the airport to a different use.

- **New glycol tank and other activities involved in enlarging the de-icing platform on runway 36 R at Barajas Airport.** With the new de-icing zone, the platform will be about 1,000 m² larger than before. The existing systems will be moved, and new storage tanks will be built capable of holding up to 250,000 litres of de-icing products.

The work to enlarge the **terminal building at Gran Canaria Airport** is proceeding at a fine pace and is scheduled to finish up this year. The enlargement is intended to boost the airport's passenger capacity, improve the quality of passenger service, expand the shopping on offer and create a more-modern, more-arresting image for the terminal building.

HYDRAULIC WORKS

The foremost contract awards last fiscal year were:

- **Emergency work on road LR-115 between Arnedillo and Enciso.** The road is affected by the dam at Enciso, La Rioja.
- **Sewer work on the middle course of the Pisueña River, Cantabria.** This consists in the construction of 8,500 metres of interceptor sewer with pipes of different diameters and different materials. The construction of a wastewater treatment plant is also included, capable of handling an average flow of 201 m³/hour and serving a population of 19,000 inhabitants.
- **Channelling work in the Barranco de Fraga, a water course in Castellón de la Plana.** The work consists in diverting the Barranco de Fraga through Camino de Vinamargo and diverting the gas, power and telephone service lines affected by the change.
- **Bajo Frío hydroelectric project in Panama.** Construction of a 58-MW hydro project on the Chiriquí River in northern Panama, next to the border with Costa Rica. The project calls for a 56-metre-tall gravity dam with a crown length of 405 metres, made of a combination of roller-compacted concrete and loose materials.
- **Decontamination of Flix Reservoir, Tarragona.** The work involves the removal of nearly a million cubic metres of contaminated waste, decontamination treatment for the waste, transport of the treated waste to a landfill six kilometres away and controlled disposal. The material removed will be replaced, and the river will be restored to its previous course.

MARINE CONSTRUCTION

The foremost contract awards:

- **Dredging in front of the Asesa jetty in Tarragona harbour.** Dredging of 650,000 m³ using a cutter suction dredge. The spoils are to be used as fill in the construction of the platform onto which the Andalucía quay will be expanded, in Tarragona harbour.
- **Construction of two operations platforms in Castellón harbour.** These platforms will be built on top of four reinforced-concrete caissons, and all pipes and auxiliary devices will be included in the superstructure.

Decontamination of FLix Reservoir, Tarragona

CONSTRUCTION

- **New Cádiz container terminal.** The first phase of this project calls for the construction of a new 22-hectare terminal with a 590-metre-long quay and a 320-metre-long seawall. The water depth next to the terminal will be 16 metres. The new terminal will be located between the Levante jetty and Navantia quay number 5.

RAIL INFRASTRUCTURE

Rail infrastructure remains one of the most dynamic sectors there is, thanks to plans to expand the high-speed railway network and projects to build new underground lines.

During the last fiscal year, the following were the foremost contract awards:

Road Infrastructure's General Direction headquarters rehabilitation, Madrid

- **Highway 407 Station and northern tunnels on the Toronto-York Spadina subway extension in Canada.** Underground section 4,500 metres long, with three stations along the way, York University Station (temporary construction), Steeles West Station (not included in this contract) and Highway 407 Station. Highway 407 Station is a new underground station featuring a Y-shaped building, a bus terminal and an outdoor car park.
- **Improvement of lengthwise and crosswise drainage between kilometre point 44+550 and kilometre point 46+610. Tracks I and II of the high-speed railway line between Madrid and Seville.** The main features of this project are the enlargement of crosswise drains to improve drainage capacity, the improvement of lateral drainage and the construction of ballast walls to protect the railbed and embankments.
- **Contract to design and build 66 kilometres of double railway tracks in Algeria, between the town of Tlemcen and Akkid Abbas Station,** the border post on the Moroccan border, for trains travelling at a maximum speed of 220 kilometres/hour. The new railway line crosses some rough ground; 34 viaducts and nine tunnels are required.
- Design and construction of **section 1 of Line 5 of the Metro in Bucharest, Romania,** between Raul Doamnei Station and Hasdeu Station. The jobs include civil engineering works for a 6.1-kilometre-long section of track and nine stations. The tunnels will be bored with EPB tunnel-boring machines.
- **Tram line in the city of Olsztyn, Poland.** Construction of an 11.5-kilometre-long, double-track tram line, including 19 stops, tram sheds and bus sheds. Moreover, a viaduct will be built over the Lyna River on a branch line to the university, and a below-grade crossing will be built for the approach to the city centre.
- **Construction of the provisional tunnel for the future through station in the new railway complex at Atocha Station.** The project includes the digging and lining of the railway tunnel.

- Section of the new País Vasco railway system's railbed. The section is 2.8 kilometres long and lies entirely within the municipal limits of Ezkio/Itseso. The section is quite complex, technically speaking; it includes three viaducts and the construction of a 1,860-metre siding.
- Preventive treatment plan for infrastructure, track and corrective action on Iberian-gauge lines of the conventional railway system (PTIV).

URBAN DEVELOPMENT AND PARKING FACILITIES

Foremost contract awards:

- Paving of several neighbourhoods in Panama City under the Paving Your City project. Repair of surfaces and subsequent extension to several roadways, plus signage.
- Underground vehicle car park on calle Badajoz in Barcelona. The three-storey car park will hold 420 vehicles.
- Development of the Plaza de la Almudena and adjacent areas in Madrid. The site covers 9,500 m², and the project calls for roofs to be built in the Plaza de la Almudena, the Plaza del Museo and the Plaza de la Armería.
- Development of the Puerto Venecia shopping centre in Zaragoza. The area covers five hectares and will include two above-ground parking areas separated by a broad section of park for pedestrian use. The park contains three water features, a canal, a fountain and an artificial lake.
- Robotic car park and demolition of the interior of the building at calle Eduardo Dato, nº 18, Madrid. The job consists in the construction of a robotic car park and the demolition of the inside of the building for refurbishment in a later phase of the same project.

RESIDENTIAL CONSTRUCTION

The foremost contract awards during the fiscal year were:

- 185 units of publicly sponsored housing in Seville. There are 24,183 m² of construction and 20,297 m² of floor area in the units.
- 600 homes in Tres Cantos, Madrid. There are three 228-home parcels and two 186-home parcels.
- 120 homes with garages and appurtenances on parcel 171 in Valdebebas, Madrid. The area constructed measures 29,063 m².
- 86 homes in Tres Cantos, Madrid, with 7,543 m² constructed below ground level and 14,251 m² constructed above ground level.
- 163 homes in the Ensanche Sur area of Madrid. Four residential towers with 9,858 m² above ground level and 5,814 m² below ground level.
- 165 homes at El Camino de la Guija, in Ciudad Real.
- 99 homes in Tres Cantos, Madrid. The estate has 16,334 m² of floor area.
- 98 homes in Bilbao, Phase 2. Phase 1: Construction of the building's structure and land development; Phase 2: Completion of the building.

Homes in Tres Cantos, Madrid

CONSTRUCTION

- 85 homes in Getafe, Madrid. Total home floor area built: 15,900 m².
- 152 units of controlled-price housing in Getafe, Madrid. The project has 25,366 m² of floor area.
- Completion of 113 publicly sponsored homes in Alcorcón, Madrid. This includes completed indoor and outdoor construction, finished services and development of the land inside the estate.

NON-RESIDENTIAL CONSTRUCTION

Included under this heading is the construction of administrative buildings, schools, health service buildings, cultural, athletic and commercial facilities, hotels and industrial buildings.

Administrative and Office Buildings

- Construction of Phase 1 and Phase 2 of MRW's corporate headquarters in Hospitalet de Llobregat.
- Refurbishment of the National Appellate Court's building in Madrid. Preparation of the basic design and construction plans, top-to-bottom refurbishment of the building and construction of new outer walls for the National Appellate Court's headquarters. The total area to be refurbished was 11,618 m².

Torrejón de Ardoz Hospital

Schools

- Two primary schools in Abrantes and Río Maior, Portugal.
- Construction of Phase 2 of the Cartuja 93 Technological Spaces building. Phase 2 consists in the completion of the concrete structure and the construction of the metal structure and the precast concrete structure.
- Combined primary school and nursery school in Alicante. The school will house six nursery school units and 12 primary school units.
- Juan de la Cosa Student Residence at the University of Cantabria. The residence will have 89 single rooms with baths and a floor area of 11,185 m².

Health Service Centres

- Ciudad Hospitalaria in Panama. Health complex having a floor area of 209,000 m², 49 operating theatres and 1,709 beds. There is a whole set of buildings, each housing different specializations and departments. Ciudad Hospitalaria will be Central America's most modern health facility and will provide health care for a million and a half people.
- Ophthalmologic clinic and car park in Palma de Mallorca. Building having 3,531 m² of floor area.
- Construction of research and teaching areas in the new Hospital Son Espases, in Palma de Mallorca.
- Preliminary phase of the project to build the new Hospital Nuestra Señora de La Paloma building, on calle de la Loma nº 1, Madrid. The project consists in redesigning the area's layout and putting in a basement and an attic.
- Remodelling and enlargement of Hospital de Manacor, (Mallorca).

Work is just about to finish on a new hospital in Enniskillen, Northern Ireland. The 65,000-m² hospital complex is the first to be contracted for as a public/private partnership in Northern Ireland, and it will be run under a 30-year concession.

CONSTRUCTION

Enniskillen Hospital, Northern Ireland

Hospital de Torrejón de Ardoz, in Madrid, recently opened its doors. The hospital has 250 beds for patients, ten operating theatres, 12 dialysis stations, six delivery rooms and other related facilities. It will be run under a concession good for 30 years.

Cultural, Athletic and Entertainment Complexes

- Phase 2 of the construction of the Cultural and Multi-purpose Centre in Vall D'Uxo (Castellón).
- The future National Museum of Energy in Ponferrada, León. Between the old, remodelled power plant and its new annexe, the museum has a total of 34,500 m² of floor area.
- Structural consolidation of the lower stands and remodelling of a staircase at Santiago Bernabéu Stadium, in Madrid.
- Social club, part of the second phase of a project in Orihuela (Alicante). The work includes the construction of a swimming pool and some secondary building.
- Construction, stage equipment and conference equipment for the Burgos City Auditorium.

Industrial Facilities

- FCC's Austrian subsidiary ALPINE was awarded the contract to enlarge the Borouge plant in Ruwais, Abu Dhabi. Construction of 26 facilities, including office buildings, production plants and storehouses. The project will boost the petrochemical plant's polyethylene production capacity by 2.5 million tons per year.
- Refurbishment of the Pasaia Building, part of the transitional phase of the new temporary fish market at the harbour in Pasaia (Guipúzcoa). Construction of two temporary buildings to house the fish market until the permanent fish market has been built.
- Guipúzcoa Waste Management Centre. The lot where the facility will be built covers an area of 54,268 m². The centre will have a treatment capacity of 320,000 tons/year. The facility will be prepared to produce 203,320,000 kilowatts/hour/year, which is the amount of power consumed by about 68,000 homes in one year.
- Pre-operation and maintenance of the Las Dehesas Biomethane Production Plant in Madrid.

Refurbishment and Maintenance

- Improvement of the Hotel Torneo in Seville. The hotel will have eleven storeys.

CONSTRUCTION

FCC Industrial

During fiscal 2011 FCC Industrial continued to grow and fine-tune its position in the sector. It was founded in 2010 through the mergers of several investees belonging to area IV of FCC Construcción. At the outcome of these mergers, a new brand name, FCC Industrial, was launched as part of the Citizen Services Group's fleet.

Two thousand and eleven saw the consolidation of the new brand name both internally and externally. FCC Industrial boosted its capabilities last fiscal year, thanks not only to synergies among the firms handling the services it provides, but also new acquisitions, such as the acquisition of Hermeriel, S.A., by FCC Servicios Industriales y Energéticos, S.A.

FCC Industrial had certain challenges set up for 2011, and it met its short-term goals: The company's production increased considerably, thus ensuring continued growth in this new business sector (industrial services and systems, focusing on integrated turnkey projects). At the same time, FCC Industrial has cultivated its international backlog under a strategy aligned with the Group's different areas, the practical upshot being that offices have been opened abroad.

FCC ACTIVIDADES DE CONSTRUCCIÓN INDUSTRIAL, S.A.

During 2011 this specialized FCC firm won 172.6 million euros' worth of contracts, a 24.84% increase over the preceding fiscal year.

The company's contracting activity focussed fundamentally on industrial projects and projects involving gas and oil pipelines.

Foremost contract awards:

- EPC (engineering, procurement and construction) contract for a 50-MW solar thermal power plant in Villena (Alicante).
- Gas pipeline between Yela (Guadalajara), and El Villar de Arnedo (La Rioja).
- Coslada Cultural Centre and Library, in Coslada (Madrid).
- Athletic centre on calle de Capitán Haya (Madrid).

Alhama/Murcia oil pipeline

FCC SERVICIOS INDUSTRIALES Y ENERGÉTICOS, S.A.

This subsidiary is the product of the merger of several FCC Construcción firms from the industrial and energy sectors, including Internacional Tecair, S.A. In 2011 it consolidated its structure and organization.

In August of last fiscal year, the acquisition of Hermeriel, S.A., was consolidated. The new acquisition does business in Spain in the sector of power distribution networks, network maintenance and other work on power lines, substations and transformer stations. It has offices in Castilla-León, Madrid, the Levante area and Andalusia.

FCC Industrial's diversification and internationalization strategy received a big boost in 2011. The first works and services contract in Mexico was secured, covering the electrical and mechanical systems in the tunnels on the Nueva Necaxa/Ávila Camacho road in the state of Puebla; and a photovoltaic farm was brought on line in Sardinia (Italy).

The foremost activities and contract awards of the last fiscal year were:

ELECTRICAL INSTALLATIONS DIVISION

- Electromechanical systems in the tunnels on the new Nueva Necaxa/Ávila Camacho road in the state of Puebla (Mexico).
- Electromechanical systems in the Reyno de Navarra Arena Pavilion in Pamplona.
- Changing of floodlights at Santiago Bernabéu Stadium in Madrid.
- Wiring and special systems for the tunnels on dual carriageway A-8 in Muros del Nalón (Asturias).
- Wiring and communications systems for Nuevo Hospital de Ronda, in Ronda (Málaga).
- Wiring in the Despeñaperros Tunnels.

MECHANICAL SYSTEMS DIVISION

- HVAC (Heating, ventilation and air conditioning) systems for Repsol's new corporate offices on calle de Méndez Álvaro (Madrid).
- Electromechanical systems for the Gimnasio Virgin Active, on calle Capitán Haya (Madrid).
- HVAC and control systems in an office building designed as corporate headquarters, parcel B-20, in Las Tablas (Madrid).
- HVAC system in the refurbishment of the old Boetticher industrial buildings in Villaverde (Madrid), for the construction of the Cathedral of New Technologies.
- Electromechanical systems at the Centre of Expression for New Technologies in Madrid.

Absorption plant in an athletic complex, Madrid

MAINTENANCE AND ENERGY EFFICIENCY DIVISION

- Offices and business centres: the Eisenhower Business Centre, the Méndez Álvaro Business Centre, the Puerta de Europa Building, the Mapfre Building in Murcia, the Cervantes Institute in Madrid.
- Shopping centres: Plaza Nueva in Leganés, Ferial Plaza in Guadalajara, Carrefour Los Alfares in Toledo, Nervión in Seville.
- Industry and laboratories: Valdelasfuentes athletic complex in Alcobendas (Madrid), Sogecable production and broadcasting centre in Madrid, Abbott Laboratories in Madrid.

CONSTRUCTION

DISTRIBUTION NETWORK DIVISION

- Substation (66/11 KV) and power supply line (66 KV) for a solar thermal plant in Palma del Río (Córdoba).
- Power production plant in the Matadero complex in Madrid. Medium-voltage wiring, distribution centres, transformer stations and power supply lines.
- Second high-speed railway tunnel between Chamartín Station and Atocha Station. Medium-voltage facilities. Distribution and transformer stations, network and medium-voltage electrical control system.
- Power supply work for railway tunnel-boring machine services in Catalonia.

ENERGY DIVISION

- Solar thermal plants in Palma del Río (Córdoba), and Villena (Alicante), each rated to produce 50 MW apiece.
- Start-up of two photovoltaic farms, one producing 0.69 MW and the other, 3.6 MW, in Sardinia, Italy.

RAILROAD DIVISION

- High-speed catenary on the Atlantic Artery.
- Various stations on Line 9 of the Barcelona Metro system.
- Installation of the overhead contact system at the Bamesa loading dock in the Barcelona Free Zone.
- Málaga Metro, Lines 1 and 2. Electromechanical systems, control systems, other systems.
- Electrification systems and affected utilities in various railroad projects in the Community of Catalonia.
- Montmeló Railroad Station (Barcelona). Electrification work.

SYSTEMS DIVISION

- Spanish Ministry of Defence. Directorate-General of Weapons and Materiel. SAPO-SUBPLA for Peace: Operational planning system for the Spanish Army when on peace missions.
- Spanish Air Force. Addition of new functions to the air mission-planning system for the P3-Orión marine patrol plane.
- Fénix Programme. Acquisition of terminals and services operating the command and satellite control system for assisting forest fire-fighting brigades for the Community of Madrid.
- Spanish Directorate-General of Traffic: Simulator migration and recurring certification of the Directorate-General of Traffic's helicopter simulator.
- Málaga Metro control system: Development and installation of the central control station, which includes management systems, remote control systems and communications networks.

RDI PROJECTS

- During the course of 2011, FCC Industrial made its first contact with the new Railroad Technology Centre in Málaga, a venture set up by Adif to engage in RDI in the railroad sector. Cooperating with the Centre will mean a great opportunity to forge alliances and agreements with other specialist firms in the same sector, universities and other academic institutions.
- FCC signed a cooperation agreement with Adif to develop and implement these new technologies. Agreements will be reached with other companies and official agencies during the present fiscal year, to back up and supplement all these activities.

Catenary on the high-speed Atlantic Artery

Matinsa
MANTENIMIENTO DE INFRAESTRUCTURAS, S.A.

OTHER SUBSIDIARIES AND INVESTEES

INFRASTRUCTURE UPKEEP

The FCC Group operates in this sector through Mantenimiento de Infraestructuras, S.A. (Matinsa), covering the following areas:

Dual Carriageways and Roads:
Maintenance of more than 1,550 kilometres of dual carriageways and 2,330 kilometres of conventional public roads of various sorts.

Matinsa maintains the approach to Madrid on dual carriageway A-6 from Villalba, which includes the section containing the BUS-VAO lane. The reversible, high-occupancy BUS-VAO lane is one of Europe's pioneering models of infrastructure.

It also provides upkeep for the ring roads around Barcelona, Ronda de Dalt and Ronda Litoral and maintenance for the Asturian "Y". All these roads bear a traffic load of more than 100,000 vehicles per day.

During 2011 new upkeep contracts were secured in the provinces of Orense, Asturias, Ávila, Soria, Tarragona, Cáceres, Badajoz, Ciudad Real and Málaga.

Hydraulic Infrastructure Maintenance
Matinsa operates and maintains SAIH, the Júcar River Hydrographic Confederation's automatic hydrographic information system. The system has 217 checkpoints equipped with instruments to monitor the behaviour of the river's basin.

This FCC subsidiary also maintains and operates several canals in the Júcar River basin, a total of 160.2 kilometres of canals that provide water for the cities of Valencia and Sagunto and their metropolitan area and cover the needs of 28,000 hectares of irrigable farmland.

Tram Maintenance
Maintenance of infrastructure, systems, civil engineering works and rolling stock for:

- The Zaragoza tram system, which has seven kilometres of tramline in operation.
- The Murcia tram system, whose line is 17 kilometres long.

Tram maintenance facility

CONSTRUCTION

Forestry and Environmental Restoration Jobs

- Forestry work, forest replanting and forest improvement in the autonomous communities of Madrid, Andalusia, Extremadura, the Valencian Community and Castilla y León.
- Environmental restoration, recovery and maintenance of deteriorated natural areas, such as restoration of dune systems, environmental conservation and restoration in coastal areas and naturalization of watercourses and their shores.

Forest Fire Prevention and Extinction

Matinsa carries out the following services:

- Matinsa has been providing reserve crew service non-stop since 1998 for the Eastern zone of the Community of Madrid, with a total of 234 operators, eight heavy forest fire pumps, 15 lightweight pumps, two high-mobility vehicles (VAMTACs), one twin-turbine helicopter and 14 forestry engineers.
- It has been managing the fire-fighting devices at Madrid's Casa de Campo ever since 2003.
- It provides forest fire prevention service for railway lines in Northeast Spain (Aragon and Catalonia) for Adif.
- It prevents and fights forest fires with heavy machinery for the Community of Madrid, under the INFOMA Plan.

Maintenance and Upkeep of Natural Spaces, Gardening and Landscaping

- Upkeep of parks and gardens requiring special protection in Madrid, including the Templo de Debod, the Sabatini Gardens, El Capricho Park, Dehesa de la Villa Park and Oeste Park, Quinta de los Molinos and the Tres Cantos forest area.
- Upkeep of Bosquesur Park in Madrid.
- Upkeep and maintenance for areas of bare earth, pavements and items of civil engineering work in Madrid's Casa de Campo.

RDI Projects

Matinsa is participating in the following RDI projects:

- The Fénix-Tic Project, consisting in the development and establishment of a management system for forest fire prevention and fighting.
- The Bridges Project, for the design of a system for the real-time auscultation of structures while in use, using wireless sensors.

Installing a flexible bollard

Installing a metal barrier

CONSTRUCTION

PROYECTOS Y SERVICIOS, S.A.

ENGINEERING

Proyectos y Servicios, S.A. (Proser), studies and designs engineering projects. The foremost contract awards of the last fiscal year were:

- Dual Carriageways and Roads
    - Feasibility study for ore shipment via heavy vehicle between Sotiel and Aguas Teñidas, Huelva.
    - Preliminary design for an intersection with road A-396 in Sotiel Coronada (Huelva).
    - Design for the El Olivar dual carriageway tender. Section: From Estepa to Lucena. This consists in the design of a dual carriageway between Estepa (Sevilla) and Lucena (Córdoba), a total of 40 kilometres in length, to replace road A-318 (part of the Andalusian road system).

- Conventional and Urban Railways
    - Basic design of the railbed for the remodelling of the Main Railway Network in the city of Murcia. The idea is to define the basic design taking the railroad line underground for 7.8 kilometres when it arrives at the city of Murcia. The construction of an intermodal transfer station is included as well.
    - Building plans for the section of the High-Speed Atlantic Artery between Porriño and the Portuguese Border. This covers the definition of a bed for two sets of international-gauge tracks, for passenger trains only. It is the last section of the international Vigo/Porto line on Spanish soil before the new international viaduct over the Miño River. It is 6.6 kilometres long.

- Hydraulic Works
    - Preparation of the 2010-2011 and 2011-2012 annual reports on Talarn Dam in Lérida. This job was awarded as a continuation of the annual reports for 2007 to 2010 and the report on the first safety review, all of which were prepared by Proser.
    - Preparation of the plans for the auscultation of Baserca Dam, in the province of Huesca, and Llauset Dam, in the province of Lérida. The plans define the control systems and the procedures for data collection and the interpretation of behaviour-defining parameters concerning the dams' safeness.
    - Analysis of the strategy for operating the reservoirs at the overlap between the Gállego River basin and the Cinca River basin, for pumping to Almudévar Reservoir, Huesca. At issue is the first phase of the feasibility study on wind-powered electricity-generating facilities at the reservoir's pumping station, for the station's own use. Both the pumping and turbine station and the reservoir itself were designed by Proser.
    - Construction plans for the irrigation distribution network of the Segarra-Garrigues system (Lérida). Sector 4.1. Secondary transformer networks for floors C1 and C2 in the sector. The object of these plans is to provide the layout and dimensions for the secondary and tertiary networks for the canal's right bank in sector 4.1 and the hydraulic infrastructure.

Wastewater treatment plant in Tomelloso, Ciudad Real

CONSTRUCTION

- **RDI**
  - In 2011 Proser had its last year's worth of work on the project **Urban Tunnels: Research into New Methodologies for Analyzing, Designing and Building Tunnels in Urban Areas** certified as R&D, through the mediation of a consultancy, EQA (European Quality Assurance).
  - Proser had its project **Comprehensive Platform for Project Plan and Tool Management (INNOPROSER)** certified as a technological innovation. The project has taken five years to complete and was certified by ACIE (Agencia de Certificación en Innovaciones Española).
  - In 2011 the **Platform 2.0** project was run. This project addresses how to streamline the company's internal processes for a gradual increase in productivity and energy efficiency. Arrangements will be made this fiscal year to have the project certified as a technological innovation.
  - Lastly, a consortium was put together to run the project **Comprehensive Safety System in High-Speed Tunnels**. The consortium's participants include FCC Construcción, Alstom, the Biomechanics Institute of Valencia (IBV), AITEMIN and Madrid Polytechnic University (UPM), among others.

megaplas

CORPORATE IMAGE

Corporate image specialist Megaplás, S.A., upped its activity by 30% in 2011. With two production centres (one in Madrid and another in Turin (Italy), it manufactures and installs items used to create the image of major companies in areas like the automotive sector and the oil business.

The most significant projects it engaged in last fiscal year were:

- Changing the image at 125 Disa service stations. Disa is the largest petrol station operator in the Canary Islands. The image makeovers were administered at the steady rate of two petrol stations per week throughout the archipelago.
- Remodelling of the Fiat, Lancia, Alfa Romeo and Jeep dealers in Spain, Italy, Portugal, France, Belgium, Greece and Switzerland.
- Introduction of a fresh image for New Holland, farm and construction machinery manufacturer, in Spain, Portugal, Italy, France, Belgium, Germany, Poland and the UK.
- Contracting to give Kia a new image for Spain. To kick activities off, Megaplas worked its magic for 36 of the Korean automaker's dealers. The contract covers new indoor furnishings in addition to the outdoor image of dealerships.

Outside a KIA dealership

PREFABRICADOS DELTA S.A.

PREFABRICADOS DELTA, S.A.

Prefabricados Delta succeeded in maintaining an acceptable pace for business during the last fiscal year. Its factories' production figures were:

- 1,259 metres of reinforced-concrete pipe with metal sleeves and joints for welding.
- 19 kilometres of fibreglass-reinforced polyester (FRP) pipe.
- 100,000 pre-tensioned monoblock sleepers of different types.

By business sectors, the foremost supplies in terms of size or special requirements were:

WATER PIPE SUPPLIES

The foremost projects were:

- Irrigation of the Segarra-Garrigues system in Lérida: supply of over 9.2 kilometres of FRP pipe in diameters between 600 and 1,200 mm.
- Arroyo Culebro Wastewater Treatment Plant in Madrid: supply of two kilometres of FRP pipe with a nominal diameter of 500 mm.
- Modernization of the irrigation system for Vegas del Guadalquivir, Vegas Bajas Sector III (Jaén), for which 1,660 metres of FRP pipe with a nominal diameter of 700 mm have been manufactured and supplied so far.
- Completion of work on Payuelos II Canal in León, with the manufacturing and supply of the last 1,260 metres of twin parallel reinforced-concrete pipes.
- FRP pipe was also supplied in nominal diameters of 600 and 1,000 mm for the same canal during 2011.

RAILWAY SLEEPER SUPPLIES

In 2011 99,660 pre-tensioned monoblock sleepers were supplied. There were all type PR-01 sleepers, which can be used for domestic- and international-gauge tracks alike, and they were largely for Adif.

Foremost projects and supplies:

- Contract awarded by Adif for supply and shipping of sleepers for the Palencia/León section of the High-Speed North-Northwest Corridor, Phase I. A total of 137,100 AI-04 sleepers and 5,700 PR-01 sleepers.
- Supply of sleepers for the Jerez North track project, a total of 16,620 PR-01 sleepers.
- Supply of 15,000 PR-01 sleepers for the Main Palencia System project.

CONSTRUCTION

INFRASTRUCTURE CONCESSIONS

Infrastructure Concessions

During the last fiscal year, the concession sector laboured under the influence of the complex domestic and international economic situation and the instability of capital markets. Although public project tenders under public/private partnership and concession schemes did not suffer as much as budget-based tenders did, the crisis miring the Spanish financial system did make it tough to get financing for concession projects.

The scenario as just described was taken into account in project selection. The selection process was based on a strict risk analysis and a study of each project's economic and financial feasibility. Accordingly, activities in 2011 focussed on:

1. Continuing to increase the number of international projects in hand, preferably in solvent, safe markets that have medium-term outlooks for growth. This goal is in line with the strategy mapped out by the FCC Group.
2. Bidding on contracts with solvent partners (membership in the investment fund consortium), submitting bids that are consistent and financeable.
3. In connection with the contracts already held: in 2011 there have been negotiations with the administration concerning the conditions for adjusting certain contracts whose economic and financial balance has become skewed.

CONCESSION BUSINESS

The FCC Group works infrastructure concessions through four companies:

- FCC Construcción (Concession Division)
- The Alpine Group (79.27%)
- Globalvía (50% FCC)
- Cedinsa (27.2%)

Below is a list of the concession-holding companies in which FCC holds interests, plus the foremost events of 2011:

FCC Construcción, S.A. (Concession Management Office)

Spain

Tranvía de Murcia (50%)

Murcia Tram Construction, maintenance and operation of Line 1 of the Murcia Tram (17.76 kilometres and 28 stops) for 40 years. The concession was signed on 7 May 2009, and the total investment is 185 million euros.

In May 2011 operation of the line began, and the work was done to integrate the rolling stock with the operation, electrification, ticketing and communication systems.

The Murcia Tram was chosen from among candidates from many countries to receive the International Award for the Best Environmental Initiative of the Year (Global Light Rail).

Zaragoza tram

Tranvía de Zaragoza (16.62%)

The Zaragoza City Council held a call for tenders in order to select the partner of a partially government-owned company that would be in charge of building, commissioning, maintaining and operating Line 1 of the Zaragoza Tram (12.8 kilometres) for a 35-year period.

The new service, whose technology has already won it regard as the most modern tram in Spain, will be operational in 2013. Last fiscal year it successfully began providing Phase-I commercial service and carried upward of 25% more passengers than first anticipated.

Urbicsa (29%)

Construction, maintenance and operation of the buildings and facilities in the City of Justice complex in Barcelona and L'Hospitalet de Llobregat. There are buildings with areas reserved for the Cataluña regional government, areas for ancillary uses, offices and retail space, plus a 1,750-car parking facility. Two thousand and eleven was a year for consolidating the complex's maintenance and operation. The main activities concerned energy savings and space management. The Professional Support Centre began doing business in February.

Autovía Conquense (100%)

In 2007 a 19-year concession was signed for the upkeep and operation of the portion of roads A-3 and A-31 that lies in Cuenca. In 2009 all the plans were delivered, and by late 2011 half the construction work was done. Construction is scheduled for completion in 2013.

In December 2011 approval came through to shift the contract's economic balance due to the increase in the investment required by the administration. Under the shift, the charge per vehicle has been changed, and the contract's yearly payments have been regularized. The right to receive a participating loan from the national government equivalent to the acknowledged extra work has also been recognized.

Hospital de Torrejón de Ardoz (5%).

The Community of Madrid awarded the contract for 30 years' full management of Hospital de Torrejón de Ardoz in August 2009. This is the second hospital concession in the community that includes health services as well as the management of non-health services. The hospital has an area of 62,000 m^2 and 240 beds, and it provides health care for 133,144 people. FCC represents 66.67% of the construction company and has a 5% stake in the capital. In June of last year the construction work was completed. Operation of the hospital began in October.

City of Justice complex in Barcelona

Centros de Salud de Mallorca (33%)

In late 2009 the Health Service of the Autonomous Community of the Islas Baleares chose a consortium featuring FCC to receive the contract to build, keep up and operate five health centres and five basic health units. In the first quarter of 2011, all the building under the contract was completed. In May infrastructure maintenance and operation began.

CONSTRUCTION

Cedinsa Eix Llobregat (27.2%)

Construction and shadow toll operation of the road between Berga and Puig-Reig (Barcelona), as well as the upkeep and maintenance of the San Fruitós de Bages/Puig-Reig section, both of which are on road C-16 (the Llobregat Artery). Two thousand and eleven was the fourth year of operation, and the average daily traffic registered on these sections was 20,000 vehicles.

Cedinsa d'Aro (27.2%)

In December 2005 Cedinsa won the contract for a shadow toll concession lasting 33 years and covering 27.7 kilometres of the dual carriageway from Maçanet to Platja d'Aro. The contract comprises the design, construction and operation of the section of road C-35 between Vidreres and Alou and the operation of the Maçanet/Vidreres section of road C-35, the Alou/Santa Cristina d'Aro section of road C-65 and the Santa Cristina d'Aro/Platja d'Aro section of road C-31. Two thousand and eleven was the third year of full operation, with an average daily traffic of 24,688 vehicles.

Cedinsa Ter (27.2%)

In 2006 FCC was awarded the concession for the 48.6-kilometre-long Vic/Ripoll shadow toll dual carriageway. Included are 25.2 kilometres of road rerouted between Centelles and Ripio. The term of the concession is 33 years, including three years for construction and 30 years for operation. In July 2010 section 3A was inaugurated and thrown open to traffic. The dual carriageway was opened in its entirety before the summer of 2011, registering an average daily traffic of 25,450 vehicles.

Cedinsa Eix Transversal (27.2%)

In June 2007 another 33-year shadow toll concession was won, for the 150 kilometres of the Eje Transversal (Cross Artery) dual carriageway. The contract calls for the design, construction and operation of the Cervera/Caldes de Malavella section of road C-25. Most of the work involves twinning road C-25. In 2011 construction continued and was half finished. Plans are for the Cervera/Manresa and Gurb/Caldes de Malavella sections to be opened by the last quarter of 2012 and the sections between Manresa and Gurb to be opened in early 2013.

Línea 9 del Metropolitano de Barcelona (49%)

In late 2008 IFERCAT (Infraestructures Ferroviaries de Catalunya) awarded the 32-year contract for the construction, maintenance and upkeep of 13 stations and their ventilation shafts on section I of Line 9 of the Barcelona Metro. Last fiscal year 11 stations were delivered, and the last two stations will be delivered before 31 March 2012.

World Trade Center Barcelona, S.A. (16.52%)

Holder of the 50-year concession to manage the World Trade Center buildings on Barcelona harbour. The buildings contain 36,000 m² of offices and retail space, 6,000 m² of auditoriums and conference rooms and a 280-bed hotel.

CONSTRUCTION

Parc Tecnologic World Trade Center Cornellà, S.A. (12.5%)

This company is building a complex featuring seven office buildings, a retail area and a 27-storey apartment hotel. Construction work is finished on the first phase of work, which consists of three buildings having a floor area of 37,500 m², a 500-vehicle underground car park and a 10,000-m² landscaped plaza.

International

New Acute Hospital for the Southwest Enniskillen (Northern Ireland)

In May 2009 the financing and concession contracts were signed between the Sperrin Lakeland Health and Social Care Trust (Health Administration) and the winning consortium (in which FCC holds a 39% interest) for the construction, maintenance and operation (non-health services) of the New Acute Hospital for the Southwest in Enniskillen (Northern Ireland), for a 33-year period. The new hospital will have 315 beds. In 2011 the power systems were fully established and the HVAC system was completed in its entirety. It is estimated that work will finish in May of this fiscal year.

CONSTRUCTION

Globalvía

During the last fiscal year, this FCC subsidiary continued consolidating its position as the platform for major infrastructure projects. For the third year running, it was the second-largest infrastructure manager in the world by number of concessions.

Under its portfolio reorganization and management strategy, Globalvía divested from the Portsur Castellón concession in 2011. In February Globalvía closed the sale of its 30% interest in the concession, which handles the operation of the bulk solid terminal in the southern expansion of Castellón harbour, with 300 metres of wharf and 60,000 m² of attached yard.

Also during 2011 Globalvía increased its interest in Túnel de Sóller. In September Globalvía bought out Banesto's 32.7% interest, so the FCC subsidiary now controls 89.23% of the company instead of the 56.53% it held before the purchase. Túnel de Sóller is the company that holds the shadow toll concession to operate the tunnel crossing the Sierra de Alfabía along the corridor between Palma de Mallorca and Sóller. The tunnel is 3.1 kilometres long. The concession is for 33 years, and it has been running since 1989. In 2011 an average of 7,920 vehicles were registered as using the tunnel each day.

Fund-raising Process

Globalvía successfully wound up the process aimed at raising funds to facilitate the implementation of its current concessions and take on future investments. Arrangements have been made with the PGGM pension funds (Holland) and OPTrust (Canada) through a debt instrument that can be converted into shares in five years. The sum involved is 400 million euros at present, with the possibility of rising to a total of 750 million euros.

Concessions Pending Incorporation (under the agreement between FCC and Globalvía):

At 31 December 2011 the following concession-holding companies were pending incorporation in Globalvía: Túnel de Coatzacoalcos (Mexico), Autopista del Valle entre San José y San Ramón (Costa Rica), Marina de Laredo, Metro de Málaga, Autovía Ibiza-San Antonio, Trambaix and Trambesos.

- **Tramvia Metropolità del Baix Llobregat (19.03%).** Baix Llobregat Metropolitan Tram. Construction of the tram infrastructure between Southern Barcelona and the towns in the Baix Llobregat district and operation of the system for 25 years. The system has been in service since 2005. Over the last fiscal year it was used by 16.1 million passengers, 1.94% more passengers than in 2010. In April four units were rolled out.
- **Tramvia Metropolità del Besòs (19.03%).** El Besòs Metropolitan Tram. Construction of the tram that links the Estación del Norte and the Villa Olímpica in Barcelona with Sant Adrià del Besòs and Badalona, and 27 years' operation and maintenance. The tram line is 15 kilometres long. During 2011 it was used by eight million passengers, 8% more passengers than in 2010.
- **Autovía Ibiza-San Antonio (50%).** Dual carriageway between Ibiza and San Antonio. Construction and operation of the twinned shadow toll section of the road between Ibiza and San Antonio. The project is special because 1.3 kilometres of the dual carriageway run underground in the San Rafael area. The road is a total of 14 kilometres long, and the concession is for 25 years. The average daily traffic was 30,894 vehicles.
- **Marina de Laredo (42.5%).** Laredo Marina. Construction of protective structures at Laredo's new fishing port and recreational marina, which can accommodate 540 recreational craft up to 20 metres long (up to 859 with the expansion), and operation of the facility for 40 years. Also the construction and operation of a

400-car car park at the marina and a dry storage yard accommodating 200 boats up to eight metres long.

In June 2011 the construction work was completed, and the government was notified that the project was ready.

- **Autopista San José-San Ramón (48%).** Motorway from San José to San Ramón. Construction and operation of the shadow toll motorway between San José and San Ramón (Costa Rica), for 25 years. The motorway is 60 kilometres long.
- **Túnel sumergido de Coatzacoalcos (70%).** Coatzacoalcos Tunnel. Construction of an underwater tunnel in Coatzacoalcos, in the state of Veracruz (Mexico), and its operation as a toll tunnel. The tunnel is 2,200 metres long, including a 1,200-metre underwater section. The concession is for 37 years.
- **Metro de Málaga (24.50%).** Málaga Metro. Design, construction and operation of Line 1 and Line 2 of the Málaga Metro. The tracks are a total of 16.5 kilometres long, 71% underground, with 19 stations in all. The concession is in the construction phase at present.

Concessions Already Brought Within Globalvía's Consolidation Perimeter as of 31 December 2011:

- **Autopista del Itata, Chile (100%).** El Itata Motorway. Construction of the toll motorway between Concepción and Chillán, a total of 98 kilometres, and operation of the motorway for 13 years. In operation, with an average daily traffic of 4,512 vehicles in 2011.
- **Autopista del Aconcagua, Chile (100%).** Aconcagua Motorway. Construction of the section of the Route 5 toll motorway between Santiago and Los Vilos, a total of 218 kilometres, and operation of the motorway for 30 years. The average daily traffic in 2011 was 13,545 vehicles.
- **Autopista Trasmontana (50%).** Transmontana Motorway. Construction of the mixed toll motorway between Vilareal and Bragança, Portugal, a total of 194 kilometres, and operation of the motorway for 30 years. The project is in the design and construction phase.
- **Autopista central Gallega (61.39%).** Galician Central Motorway. Construction of the toll motorway between Santiago de Compostela and Alto de Santo Domingo and operation of the motorway for a 75-year period. The road is 56.8 kilometres long. In 2005 it went into operation. The average daily traffic in 2011 was 5,785 vehicles.

Harbour at Laredo, Cantabria

Scada, Chile

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- **Túnel de Sóller (89.23%).** Sóller Tunnel. Construction and operation of Sóller Tunnel, a toll tunnel through the Sierra de Alfabía (part of the corridor between Palma de Mallorca and Sóller). The tunnel is 3.1 kilometres long, and the concession is for 33 years. The tunnel has been in operation since 1989 and in 2011 saw an average daily traffic of 7,920 vehicles.
- **Terminal Polivalente de Castellón (75%).** Castellón Multipurpose Terminal. Construction and operation of a 9.5-hectare container- and general goods-handling terminal in Castellón harbour. In operation since 2006. The terminal saw 90,300 container movements in 2011.
- **Autopista de la Costa Cálida (35.75%).** Costa Cálida Motorway. Construction of the toll motorway between Cartagena and Vera and operation of the motorway for a 36-year period. The toll section is 98 kilometres long, and there are 16 kilometres of toll-free motorway for internal traffic bypassing Cartagena. In 2011 the average daily traffic was 1,899 vehicles.
- **Metro Barajas (100%).** Design, construction and operation of the section of metropolitan railway between Barajas and the New T-4 Terminal Building on Line 8 of the Madrid Metro. The track is a total of 2.5 kilometres long, and the concession is for 20 years. The line has been in service since 2007. It registered 2,632,073 passengers in 2011.
- **M-404 (100%).** Design, construction, upkeep and operation of the 27 kilometres of dual carriageway M-404 between road M-407 and road M-506 (Madrid) as a shadow toll operation.
- **Puerto de Gijón, Explanada de Aboño (20%).** Gijón Harbour, Aboño Yard. Construction of a 168,000-m² bulk goods terminal in the port of Gijón and operation of the terminal for 30 years. During 2011 the terminal moved 950,100 tons of goods.
- **Hospital del Sureste, in Madrid (66.66%).** Construction and full-service maintenance management. The hospital had 110 beds in 2007, which may be increased to 148 in 2017. It has an estimated area of 37,000 m². In operation since 2007.
- **Scutvias, Autoestradas da Beira Interior (22.2%).** Construction and operation of the shadow toll motorway between Abrantes and Guarda, Portugal. The motorway is 198 kilometres long; of that length, 95 kilometres belong to an already-existing road, and 103 kilometres are new-built. The concession is for 30 years. In operation since 2005, with an average daily traffic of 9,582 vehicles in 2011.
- **M-407 (50%).** Design, construction, upkeep and operation of 11.6 kilometres of dual carriageway M-407 between road M-404 and road M-506, (Madrid), as a shadow toll operation. The concession was awarded in August 2005 and has been in operation since 2007. In 2011 it registered an average daily traffic of 29,420 vehicles.
- **Concesiones de Madrid (100%).** Concessions of Madrid. Section of the M-45 dual carriageway ringing Madrid between the O'Donnell artery and road N-II, a total of 14.1 kilometres, for a period of 25 years under a shadow toll arrangement. In operation since 2002, with an average daily traffic of 80,404 vehicles in 2011.
- **Túnel d´Envalira (80%).** Envalira Tunnel. Design, construction and operation of the shadow toll Envalira Tunnel, which links the Grau Roig winter resort to Pas de la Casa and carries traffic between Andorra and France on the Barcelona-Toulouse artery. The tunnel is 3.2 kilometres long, and the concession is for 50 years. The tunnel has been in operation since 1998, and in 2011 it saw an average daily traffic of 1,552 vehicles.
- **Tranvía de Parla (75%).** Parla Tram. Winner of the 40-year contract for the construction, supply of rolling stock, operation and maintenance of the 8.5 kilometres of double tram track in Parla, Madrid. This concession was awarded in 2005 and became operational in June 2007. The tram was used by an average of 5,000,260 passengers in 2011.

M-45 Madrid

CONSTRUCTION

- **Transportes Ferroviarios de Madrid (49.37%).** Madrid Rail Transport. Thirty-two year concession for the extension of Line 9 of the Madrid Metro underground railway between Vicálvaro and Arganda. The stretch is a total of 20 kilometres long and has three through stations. During 2011 it was used by 6.6 million passengers.
- **Ruta de los Pantanos (66.66%).** Construction, management and upkeep for 25 years of the twinned 21.8-kilometre section of roadway on roads M-511 and M-501 between roads M-40 and M-522, in the Community of Madrid. The concession has been in operation since 2002, and in 2011 it registered an average daily traffic of 36,712 vehicles.
- **M-50 Dublin (45%).** Construction of Dublin's M-50 ring road, the city's primary bypass, and operation of the road for 35 years. The project consists in building 24 kilometres of motorway and operating and maintaining that stretch along with an additional 19.3 kilometres. It is a pay-as-you-go toll road, and it went into operation in September 2010.
- **Nuevo Necaxa-Tihuatlán (50%) AUNETI, S.A. de C.V.** Autovía Necaxa-Tihuatlán is the company in charge of designing, building and operating the 85-kilometre motorway between Nuevo Necaxa and Tihuatlán, which runs between the state of Veracruz and the state of Puebla and forms part of the main overland artery joining Mexico City and Veracruz. This dual carriageway, which is currently under construction, is divided into two sections:
  - TC1 from Nuevo Necaxa to Ávila Camacho, 36.6 kilometres long, four lanes, construction and pay-as-you-go operation.
  - TC2 from Ávila Camacho to Tihuatlán, 48.1 kilometres long, two lanes, operation as a toll road.
- **Autovía del Camino (9.1%)** El Camino Dual Carriageway. Construction and operation of the dual carriageway from Pamplona to Logroño under the shadow toll system. The road is a total of 70.25 kilometres long and has been in operation since late 2004. The average daily traffic registered in 2011 was 11,936 vehicles.
- **Port Torredembarra (24.08%)** Construction, operation and maintenance of a marina situated in Torredembarra, Tarragona. It has mooring capacity for 714 boats plus retail space and stores. In operation.
- **Aeropuerto de Santiago de Chile (14.78%).** Santiago de Chile Airport. Construction and operation of Arturo Merino Benítez International Airport in Santiago de Chile. In September 2005 the airport opened its second runway, built by the Ministry of Public Works, and operations have run more smoothly since. During 2011 there were 12.2 million passengers.
- **Autopista San José-Caldera (48%).** Motorway from San José to Caldera. Construction and operation of the shadow toll motorway from San José to Caldera, Costa Rica, which links the country's capital with one of Costa Rica's main Pacific ports. The road is 76.8 kilometres long, and the concession is for 25 years. In operation since January 2010. In 2011 the average traffic was 34,268 vehicles.

Nuevo Necaxa-Tihuatlán, Mexico

- **Hospital de Son Dureta (33%).** Construction and operation of the Islas Baleares new reference hospital, with an area of 193,088 m² and 987 beds, to provide health services for more than a million people. The concession is for 30 years. The hospital was opened to the public in 2010.
- **N6 Galway-Ballinasloe (45%).** Construction and operation of the N6 Galway-Ballinasloe motorway, along the strategic east-west corridor from Galway to Dublin, according to the requirements of the National Development Plan. It is a 56-kilometre-long toll motorway between Galway and Ballinasloe, with a seven-

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kilometre junction to the Loughrea bypass (single lane) and 32 kilometres of slip roads. The concession is for 30 years. In operation since December 2009. In 2011 it saw an average daily traffic of 9,180 vehicles.

- R-2 Autopista del Henares (10%), Henarsa, S.A. is the company in charge of Construction and operation of the R-2 toll motorway, a 62-kilometre-long road between road M-40 and Guadalajara. It has two sections, to avoid the area's heavy traffic. The term of the concession is 24 years. The average daily traffic during the last fiscal year was 7,809 vehicles.

Sanchinarro light metro, Madrid

- Circunvalación de Alicante (25%). Alicante Ring Road. Ciralsa, S.A., is the holder of the concession to build and operate the 28.5-kilometre Alicante ring road. The concession is for 36 years. The ring road has been in operation since December 2007, with an average daily traffic of 6,522 vehicles.
- Metro Ligero de Sanchinarro (42.5%). In 2006 Metro Ligero de Madrid, S.A., was awarded the contract to operate and maintain the 5.4-kilometre-long Pinar de Chamartín/Sanchinarro/Las Tablas light metro line that connects Line 1 and Line 4 of the Madrid Metro system. In operation since May 2007. The concession is for 30 years. In 2011 4,922,784 passengers rode the light metro.
- Accesos de Madrid (20%). Approaches to Madrid. Operation of the R3 and R5 toll motorways. Motorway R3 is 33.9 kilometres long and runs between road M-40 and Arganda del Rey, parallel to the toll-free alternative A-3 road. Motorway R5 is 28.3 kilometres long and runs between road M-45 and Navalcarnero; it lies parallel with road A-5. Both have been in operation since 2004, and the concession is for 50 years. The average daily traffic registered in 2011 was 12,120 vehicles.

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Austrian subsidiary Alpine holds an interest in:

- **The design, financing and construction of the first section of the A5 motorway in Austria, plus operation of the motorway for 30 years.** This is the country's first motorway concession, a 51-kilometre section of road that includes the construction of the first part of motorway A5 from Vienna to the Czech Republic, between the towns of Eibesbrunn and Schrick, plus the prolongation of the north-eastern ring around Vienna, which will connect to the S1 and S2 fast lanes. The first phase went into operation in November 2009, and the second phase, in February 2010.

TECHNOLOGICAL DEVELOPMENT

FCC Construcción backs an active policy of technological development and innovation, applying innovation constantly in its projects. The company is firmly committed to sustainability in technological development and views its own contribution to quality of life as a competitive factor.

RDI

FCC participates in the technological facets of the most unique projects, preparing its own RDI designs and coming up with ways to improve building procedures. These advantages, in combination with strong support for the company's machinery and ancillary resources, enable FCC to offer its clients a range of in-house technical solutions. That is what makes FCC stand out from the rest of the sector.

For example, FCC Construcción is an active participant in a great many European and domestic RDI organizations, such as the European Construction Technology Platform, the E2BA (Energy Efficient Buildings Association), the Ad-hoc Industrial Advisory Group, the ReFINE (Research for Future Infrastructure Networks in Europe) initiative, ENCORD (the European Network of Construction Companies for Research and Development), the RDI Committee of AENOR's CACEC (Advisory Group for Builder Certification) and the Spanish Construction Technology Platform. It also participates in the RDI committees at SEOPAN and the CEOE (the Spanish Confederation of Business Organizations).

These organizations share the objective of giving voice to the key role industry plays as a force behind research, development and technological innovation in the construction area. This they do by boosting the research capabilities of technological institutions and universities and helping research centres align their sights with economic and social demands, in the light of domestic and EU objectives.

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In December 2011 an agreement was signed enabling FCC Construcción to set up shop in Adif's Railway Technology Centre, located in Málaga's Technological Park.

A good number of RDI projects were active during the course of 2011. Work continued on several projects started in previous fiscal years, such as the BALI Project (for the top-to-bottom design of acoustically efficient buildings and systems in a healthy environment), the OLIN Project (a study of the qualities of materials and the treatment of materials in improved graded surfaces and embankments, for the construction of sustainable linear projects), Tanks (on designing a system for storing bitumen modified with powdered disused tires for plants that make hot bituminous mixtures), Bridge Damage (low-cost dynamic testing for maintenance of bridges subjected to uncontrolled environmental loads, using wireless sensors), Explosives (research into the conditions for designing and building car park buildings at transport terminals subject to the risk of terrorist attack), Cemesferas (research into manufacturing spherical vitreous microparticles with cementing properties, in conjunction with Cementos Portland Valderrivas), RS (sustainable building refurbishment), Vitraso (diagnosis and prediction of the way noise is transmitted in building) and Ecorasa (use of all building and demolition waste as fill for sewer ditches).

New domestic projects were started in 2011 as well, such as Nanomicro (nanomicrocements and their application in concrete towers for wind farms), Newcrete (concrete for structural use, containing a high percentage of recycled aggregates), IISIS (integrated research into sustainable islands, in cooperation with several firms from the FCC Group), PRECOIL (new systems for smart collective prevention in dynamic linear infrastructure environments) and SPIA (new highly visual signage systems: an autonomous personal light system). Work is also being done on two European projects, CETIEB (cost-effective tools for better indoor environments in retrofitted energy-efficient buildings), whose starting meeting was organized in Madrid by FCC Construcción, and BUILDSMART (energy-efficient solutions ready for the market).

The process of certifying the RDI processes used in projects continued as well.

Material Laboratory

Our Material Laboratory has been engaged in work in cooperation with Cementos Portland Valderrivas as part of a study of the potential applications for Cementos Portland Valderrivas' new products, especially Ultraval and Microval, and activities utilizing these new products. For example, the laboratory has been examining shotcrete batching and lining work using Ultraval cement at the sites of the AVE high-speed rail tunnels in Ordizia and on the Vacariza/Rialiño line, and it has been lending a hand in batching and the start of injection work in the Pajares Tunnels using the newly developed microcements.

The laboratory has also acted in an advisory capacity concerning the formulation of cements for tests with the ultimate aim of making more-competitive rigid concrete pavements.

The laboratory participated in quite a few RDI projects, the foremost of which were OLIBN, IISIS, Nanomicro and Cemesferas.

Special Designs and Construction

The following were some of the most specialized, innovative and technically tricky examples of design and technical assistance work done.

Hydraulic Works

Ribeiradio Dam and Ermida Dam (Portugal)

During 2011 the inner approaches to Ribeiradio Dam were built, and the dam's main systems were installed. At Ermida Dam the roads that are going to be affected by the formation of the future reservoir were diverted, and the bed where the dam's systems will go was built. Progress was made on the plan for diverting the Vouga River (for both dams), with the creation of hatches in the structure of the dam's body and the diversion channels.

Lower Payuelos Canal, Phase 2

The second phase of this project focussed on the special jobs the canal requires, especially the cut-and-cover tunnel, the duckbill spillways and the siphons used to cross roads and deep gullies. These siphons were made of twin 2.50- and 2.60-metre-diameter reinforced-concrete pipe with metal sleeves.

Alcollarín Dam

Last fiscal year the casting of several concrete blocks was completed, up to the height of the run-off channel. Different aspects of the dam were designed, including the heightening of an existing millwheel for water storage during the dam's construction and the study of alternatives for the upstream weirs.

Zapotillo Dam (Mexico)

Technical assistance was provided in the preparation of the plans for building the dam's different parts, in cooperation with the engineering firm that is drawing up the building plans. Support was given in the drainage structure study conducted by Imta, Mexico, the definition of RCC mixtures and the procedure for building the bank or test slab.

Bajo Frío Dam and Pac-4 Dam (Panama Canal extension)

A preliminary study was conducted, looking at different construction-related aspects of works execution for the Bajo Frío hydraulic complex. At the Panama Canal Authority's Pac-4 Dam, the materials comprising the dam's downstream filter (basalt sand) were the subject of special study.

Dam Alcollarín

Second Ring of the Isabel II Canal

During 2011 the third and sixth sections of the second compensating ring for the Madrid water supply were built. Given the importance and uniqueness of the project, special attention was given to development and technical assistance in the design of both sections.

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Marine Construction

- **Enlargement of the Química quay in Tarragona harbour**

The enlargement calls for three new quay fingers made of floating reinforced-concrete caissons and constructed on the floating dock Mar del Teide. The fingers require varying dredging depths and foundation thicknesses, from 2.5 metres to 6.5 metres. The cope beam and other components needed for the quay's operation were set in place on the fingers.

- **New container terminal in Cádiz harbour. Phase 1**

Work began after the summer of 2011. The objective is to set up a new line of berths for container transport vessels and a new yard (built out of fill material) for the storage zone. Before these things can be done, a seawall has to be built to close off the Northern end of the yard, and a provisional barrier has to be built at the Southern end, where the new terminal expansion is supposed to go. The quay is built out of floating caissons 45.3 metres long, 20.3 metres wide across the base and 20.5 metres deep.

- **Remodelling of the Levante jetty and new outer basin at Málaga harbour.**

The remodelling operation widens the approaches to the cruise terminal through its crown. Layers of concrete blocks weighing up to 21.5 tons apiece were applied to the jetty's slope to fatten it, helping to provide better protection by the way. A new crest was built as well. In the area between the outer side of this jetty and the new Levante jetty, the necessary protective structures were built to provide shelter for a new marina basin.

BBR PTE

Over the course of 2011, the Group company specializing in post-tensioning and special building techniques, BBR PTE, continued its work developing and introducing the following building processes and items:

- The BBR HiAm CONA stay cable system. Consolidation and development work continue on this technology, which has been used in the cable-stayed bridges built by FCC. Two types of saddles have been developed for use where stay cables pass through pylons; one is an adhesive "in situ" saddle, and the other is a non-adhesive prefabricated saddle. They are both being used in the construction of two major cable-stayed structures, the bridge over the Danube River in Bulgaria and the viaduct over the Corgo River in Portugal. The main feature of these saddles is that they prevent stay cables from shifting in relation with the pylon and yet occupy much the same space as conventional saddles.
- The Heavy Lifting Method. This work is the continuation of certain new procedures and adaptations developed for different lifting operations, such as last year's work to lift large pieces of precast concrete so they could be set in place to defend the Vidin Bridge from the impact of ships on the Danube River. The central section of the deck of the new bridge over the Ebro River in Deltebre has now been lifted. The deck was built upstream, on the river's left bank. Then it was floated downstream and towed into hoisting position by tug boats, and it was lifted into its final position by heavy-lifting jacks. Lastly, the extradosed bridge was fitted with stay cables.

Chemistry Quay (Tarragona)

MANAGEMENT SYSTEM

FCC Construcción's Management and Sustainability System is the first such system to be adopted by any Spanish builder. It is even being used as a model by some levels of government for their own construction work. The system has continued evolving, and it has proved itself a very useful tool for the integration of all of FCC's organizations in the Group's new stage of international expansion. A vehicle for standardization and guaranteed quality, the Management and Sustainability System is used in everything FCC does, updating processes, procedures and overall criteria in order to respond to needs as they arise in international projects. The system enables us take the excellence that our building work is known for and expand it to every field where we do business. The result is that we can give clients satisfaction beyond their expectations.

Today we are the only firm in the sector that can guarantee its clients that the integrity, availability and confidentiality of their data are protected by an information security system certified under ISO 27001. This security system checks any threats to our information assets and systematically protects our clients' information.

Risk Management

With strong support from FCC's executive level, risk and opportunity management is now fully integrated in the FCC Construcción Management System. The risk management and supervision processes introduced prior to 2011 were improved and optimized last fiscal year, and new, more-effective mechanisms were developed in risk detection, control, tracking and mitigation.

The Strategic Risk Tracking Committee encouraged measures aimed at anticipating the risks most likely to have real effects, so as to identify new opportunities and transform threats into advantages, with a view to reducing possible losses and seizing the more-interesting opportunities, thus strengthening our business strategy.

Environment

During the course of the fiscal year, we designed and introduced a greenhouse gas-measuring protocol, and we became the first Spanish builder to have its GHG emissions report verified and published. In so doing we fulfilled one of FCC Construcción's climate change commitments. Furthermore, FCC's seventh Environmental Report was published, and the environmental data gathering and analysis system was improved: Information on all FCC sites is now available in real time. Today we can evaluate the carbon footprint of any of our organizations separately or the entire group as a whole, with a wealth of data that is truly unparalleled in the sector.

Laboratory

At FCC Construcción we continue to believe firmly that sustainability is the answer. That is especially so now, when the economy has slowed down, forcing us to look more sharply at our own business and its three facets, the social, the environmental and the economic. Our commitment to provide solutions, share experiences and help define standards guaranteeing the most sustainable results is patent in our participation in and leadership of a large number of Spanish and international technical committees, such as the Commission of Large Dams (FCC chairs the "Engineering Activities in Planning" Technical Committee at SPANCOLD and represents Spain on the International Commission of Large Dams, ICOLD), the ISO/TC 59/SC 17 "Building Construction/Sustainability in Building Construction" Technical Committee (where FCC directs the Committee on Sustainability in

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Civil Engineering Works) and the ISO/TC 207 "Environmental Management" Technical Committee. The European committee CEN/TC 350 "Sustainability of Construction Works" recently resolved to begin work on sustainability in civil works under the leadership of FCC Construcción; this is a clear acknowledgement of the hard work and commitment of the company and its professionals to sustainability.

MACHINERY. SPECIAL PROJECTS AND DESIGNS

Hydraulic Works

Machinery and Systems for Hydraulic Works

Plans are to use Ribeiradio Dam and Ermida Dam (Portugal) to generate hydroelectric power. Accordingly, the following facilities have been installed at Ribeiradio Dam for the manufacturing and delivery of 310,000 m³ of concrete: a latest-generation concrete-mixing plant making 250 m³/hour; four 700-m³ aggregate silos; three 1,000-m³ cement and ash silos; an auxiliary concrete-mixing plant making 120 m³/hour; three 4-m³ lorry-mounted silo trailers and two 13.5-ton radial cable cranes. All moving of aggregates between silos, screens, hoppers and plants is done on conveyor belts fitted with cowling.

For Ermida Dam, there is a 150-m³/hour concrete-mixing plant, two 6-m³ towed silo trailers, two 630-ton cranes for delivering the concrete to the dam and a 280-ton crane for delivering the concrete to the plant.

Marine Construction

Machinery for Marine Construction

In the project to enlarge the Química quay in Tarragona harbour, 25 33.7x16.7x17.5-metre caissons and eight 33.7x16.7x14.5-metre caissons were cast on the Mar del Teide. To mix the 62,800 m³ of pumped concrete needed, a 50-m³/hour mixing system was used, with a single hopper for feeding in aggregates and a reversible delivery belt for chute delivery. The 350,000 tons of foundation beneath the caissons were poured using the split barge Acanto, which has a hopper capacity of 1,200 tons.

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While this work was going on, other developments took place in 2011. All the necessary modifications and certifications were completed to allow the Acanto to make international crossings, limited only by its fuel autonomy. The Acanto had to be fitted with: an additional GPS system; a 20" radar with an ARPA system with an AIS connection; an on-duty alarm system on the bridge; INMARSAT equipment for satellite communications; LRIT equipment for long-range travel with worldwide coverage; a ship security alarm system (SSAS, for use in cases such as piracy or terrorist attacks); a new weather station and a voyage data recorder. It also had to earn international certificates, and a ship protection plan had to be designed.

Viaducts and Special Structures

Viaduct-building Machinery

Work began on the viaduct over the Danube River in Vidin (Bulgaria). The first machinery to start up was the equipment for loading segments and hoisting them into their cantilevered position. The equipment has a maximum load capacity of 250 tons both in the harbour and at the pier. Equipment of this sort is necessary because there is no access to the site by land, so the system for carrying and positioning segments is necessarily complex. The set-up is this: The first machine (the harbour machine) has been installed next to the yard where the segments are cast and stored. It loads the 250-ton segments onto pontoons that can be towed along the river. The pontoon is pulled to the bridge, where a second machine (the pier machine) hoists the segments up to their final position. The hoisting machine on the pier has a reach equal to five segments (maximum 22 metres) and a maximum loading capacity of 250 tons.

Once the first five segments have been placed on each side of the pier and the connection has been made with struts, carriages that are also capable of lifting 250 tons apiece will continue advancing on top of the segments already installed and will set the next segments in place.

Underground Construction

Machinery for Underground Construction

One of FCC's projects is to build the motorway between Mexico City and Tuxpan. During 2011 a large portion of the 37-kilometre-long section between Nuevo Necaxa and Tihuatlán was constructed, in the Northern sierra country of the state of Puebla. In addition to various viaducts (including 225-metre-tall San Marcos Viaduct), the section called for seven twin tunnels a total of 8,138 metres long. For the longest of them all, the 2,733-metre-long Zoquita Tunnel, FCC employed semi-roboticized roto-percussion tunnelling equipment (of a kind rarely used in Mexico until now), the two-arm Atlas Copco L2C, shotcrete robots and other auxiliary equipment. The top heading and bench method was used, tunnelling in from both ends, with a standard cross-section of 95 m^2.

San Marcos Viaduct (México)

The projects completed or under construction in 2011 utilizing the different tunnelling methods were the following:

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TBM PRODUCTION FIGURES FOR 2011

PROJECT		Type	Diameter (m)	Production 2011 (m)	Total Length (m)
UTE Triangle L9 (Metro Barcelona)		DUAL	11.95	1,292.4	5,488
UTE túneles de Sorbas	Tube 1	DOUBLE-SHIELD	10.08	1,750.4	6,607
	Tube 2	DOUBLE-SHIELD	10.08	6,003.2	6,607
UTE Ave Gerona (Tunnel 2)		EPB	11.70	1,581.0	1,581
UTE Ave túnel de Serrano		EPB	12	909.1	6,839
Vigo-Das Maceiras	Tube 1	DOUBLE-SHIELD	9.46	2,523.0	8,143
	Tube 2	DOUBLE-SHIELD	9.46	2,111.0	8,132
Toronto	Tube 1	EPB	6.11	143.8	1,642

CONVENTIONAL TUNNEL PRODUCTION FIGURES FOR 2011

PROJECT	Production in 2011 (m)	Total Length (m)
A-8 Muros de Nalón/Las Dueñas	626.6	1,366
UTE Vacariza-Rialiño	200	866
UTE Túneles de Sorbas	40	1,822
Almuñécar (Tamaray)/Salobreña	4,032	4,032
La Aldea del Risco	3,828	5,600
Railroad bypass around Alicante	1,073.9	1,330
UTE Variante de Vallirana N-340	20	2,538
UTE Santa Mª de Olo-Gurb	750	750
Vic/Caldes Cross Artery	1,850	5,000
Eastern bypass around Valladolid	680	680
Nuevo Necaxa/Tihuatlán (Mexico)	2,732	8,047
Bergara/Antzuloa Tunnels	3,603	3,678
UTE Ave Ordizia	100	100

PROJECT SUPPORT

Vidin Bridge over the Danube, Between Bulgaria and Romania
Now that the approach viaduct has been completed, construction has begun on the cable-stayed viaduct over the navigable channel of the Danube. The bridge is made up of cable-stayed spans 180 metres long. It is the first time FCC Construcción has used the precast segment building method for this sort of bridge.

Work is progressing at a fine pace, and the viaduct is anticipated to be finished in 2012. When it is opened, it will allow road and rail traffic to continue flowing between Bulgaria and Romania through Pan-European Corridor IV between Istanbul and central Europe.

Viaduct over the Almonte River on the Madrid/Cáceres/Lisbon High-speed Railway Line
Construction has begun on the Almonte River Viaduct over Alcántara Reservoir. This 996-metre-long viaduct crosses Alcántara Reservoir on the back of a 384-metre concrete arch. When the arch is finished, it will have the longest span of any concrete arch for rail use.

Cable-stayed advancing cantilever construction is being used, with just provisional stay cables for now. The cantilever will have a span more than twice that of any other arch built in Spain using this procedure. Its design is quite special: At each base, there are two legs set sixteen metres apart from each other, which increases the project's complexity of construction.

El Romeral Viaduct on Dual Carriageway A-7 in Salobreña
Construction has begun on El Romeral Viaduct on the section of dual carriageway A-7 between Almuñécar and Salobreña. The viaduct is 568 metres long, and its deck is 30 metres wide. It is being built out of precast segments using the advancing cantilever method, and each span is 92 metres across. This is yet another record for the advancing cantilever system with FCC's resources.

CONSTRUCTION

The viaduct is located in an area of high seismic activity. A system has been designed using neoprene to dampen seismic stress.

Enlargement of Gran Canaria Airport's Terminal Building

The objective of this project is to boost the airport's passenger capacity, improve the quality of passenger service, expand the shopping on offer and create a more-modern, more-arresting image for the terminal building.

The expansion thrusts out to the North, South and West of the original building. The design will make it possible to increase the number of baggage carrousels and check-in desks, enlarge the area devoted to offices, create a new international arrival and departure area and increase the number of remote boarding gates to 40 for inter-island flights.

The building expansion will make it possible to increase the number of baggage carrousels on the ground floor, check-in desks on the first floor and office area on the second and third floors, in addition to the area for aircraft mooring and passenger boarding and deplaning. A new international arrival and departure area will be created as well.

The special features of the project include 20-metre pre-tensioned beams for the roofs of the new north and south docks and the check-in area's roof, whose structure is made of laminated wood. The airport is remaining operational and in use while the structural reinforcement work, designed by the Structure Service's Building Department, is being done. Gran Canaria Airport is one of the busiest airports in Spain in terms of passenger traffic, so this is an important consideration.

Offices for the Provincial Directorates of the National Social Security Treasury in San Sebastián

The building has three below-ground levels for parking and the plant, plus six above-ground levels for administrative use. Its general measurements are 105x35 metres. Because of the high local water table, the basements are all surrounded by a water-tight, unbroken foundation wall a metre thick, with a 1.1-metre-thick foundation slab to withstand the effect of the water pressure.

The structure is made of reinforced concrete. On top of the concrete structure stands a metal structure that outlines the space but is purely ornamental. The project was designed by the Building Structure Department at FCC Construcción's Technical Services.

Vidin-Calafat Bridge between Romania and Bulgaria

International Convention Centre in the City of Madrid (CICCM)

This special project was designed by architects Emilio Tuñón, Luis Moreno Mansilla and Matilde Peralta del Amo. It stands on the land formerly housing the Real Madrid's sport complex Ciudad Deportiva, on a lot adjacent to the four towers. The building is a vast slice of a cylinder, set vertically on a plinth, reaching to a maximum of 120 metres above the ground.

The contract awarded to FCC includes the construction of the below-ground structure (a total of seven levels) with two floors of parking and three auditoriums having a maximum seating capacity of 5,900. The roof is designed so that it can be used as a big, open-air auditorium.

The white concrete structure is made up of slabs cast in formwork and put together without expansion joints. The structure was designed by the Building Department at FCC Construcción's Technical Services.

CONSTRUCTION

Girona Station and Tunnels Under the City

Tunnelling for Tunnel II in Girona was finished in 2011. The tunnel is 1,564 metres long. An HK EPB 12.16 metres in diameter and 0.40-metre-thick segments were used.

There are two areas on the tunnel's layout that required careful work and skill. One is 710 metres long and was tunnelled beneath buildings, with a minimum of six metres of earth above the tunnel; the other is 220 metres long and crosses beneath the Ter River, with a bare two metres of Pliocene rock between the tunnel and the river.

Four shafts were driven by a VSM (vertical shaft-sinking machine) so that compensation injections could be made into the earth beneath the buildings. A total of 14,200 m^2 of earth were treated from the shafts, and 430 m^3 of cement grout were injected.

Two slabs and an inverted arch were built in the station in 2011, requiring a total of 125,000 m^3 of falsework, 43,000 m^3 of concrete and 15,000 tons of steel.

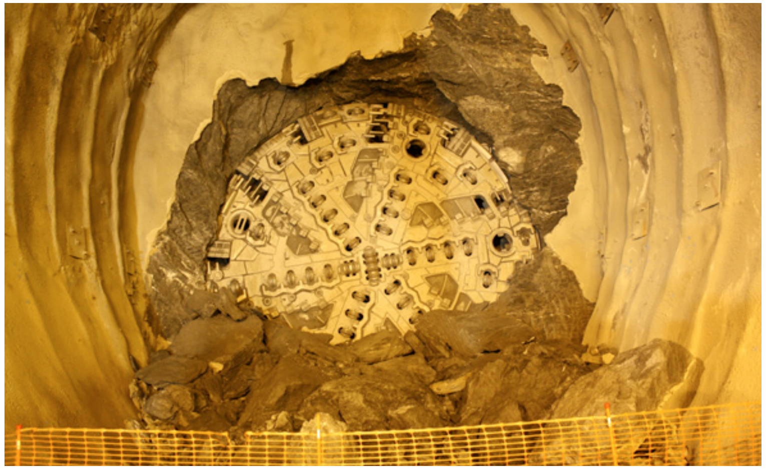
Vigo/Das Maceiras Tunnel. High-speed Atlantic Railway Artery

Last fiscal year boring on one of the two tunnels was finished, and there are about 300 metres left to go on the second twin tunnel. Each tunnel is 8,266 metres long and has a circular cross-section 9.56 metres in diameter. The two tunnels are connected to one another by cross-tunnels having a 25-m^2 usable cross-section, set every 500 metres. The tunnelling work was done with two double-shielded tunnel-boring machines, the type used to dig through very hard rock.

There were a number of difficulties that had to be met in the course of this project. One of the foremost was the great hardness and abrasiveness of the rock in the central portion of the tunnels, which put a lot of wear on the TBM's cutting parts. Another was the trickiness of tunnelling beneath buildings at the start and finish of the tunnel's path, where unfavourable terrain conditions complicated the building process and made it necessary to administer major treatments to improve soil conditions and offset subsidence, so as to ensure the safety of the project.

Sorbas Tunnels. High-speed Mediterranean Rail Corridor

In 2011 tunnelling was completed on the two Sorbas Tunnels. The tunnels are approximately 7.5 kilometres long, which makes them the longest railway tunnels in Andalusia. They run parallel for a distance of 25 metres, and they are connected by cross-tunnels every 400 metres.



Sorbas Tunnel, Almería

A double-shielded TBM ten metres in diameter was used to tunnel 6.6 kilometres in each tube. The remainder of the tunnels' length was built using the NATM construction system, tunnelling with explosive and mechanical means.

Using a TBM to tunnel through the Gafarillos Fault posed some geotechnical problems, but they were dealt with. The fault is about 600 metres long, and there the rock is extensively folded and buckled by various thrust faults and other types of faults running through phyllite, slate, dolomite, limestone, gypsum, anhydrite and some highly fractured quartzite levels.

The TBM's average advance rate performance was about 1,100 metres per month. Its top daily advance was 72 metres. Both these figures were far more than initially expected.

Tunnels Built by Traditional Methods

FCC constructed a great many tunnels by traditional methods over the course of 2011, mainly with what is known as the New Austrian Tunnelling Method.

Some of them were finished during the year, while others are still in progress.

The table below shows the foremost tunnels in terms of length.

Project	Tunnel	Length (m)	Situation
Dual carriageway A-8. Section: from Muros de Nalón to Las Dueñas	Somao	2 x 916	In progress
Dual carriageway A-8. Section: from Muros de Nalón to Las Dueñas	San Juan	2 x 450	"
Tunnels in Mexico. Nuevo Necaxa/Avila Camacho	Six twin tunnels	L_T = 8047	"
High-speed Atlantic Artery Section: from A Vacariza to Rialiño	Tunnel 2	866	"
Dual carriageway A-7 (Mediterranean Dual Carriageway)	Tunnel 1	2 x 2000	
Section: from Almuñécar to Salobreña	Tunnel 2	2 x 800	"
Vallirana Bypass N-340	Tunnel 1	2 x 1,350	"
New railway system to the Basque Country. Section from Bergara to Antzuola	Kortatxo	3,678	"

CEMENT

CEMENTOS
PORTLAND
VALDERRIVAS

CEMENTOS PORTLAND VALDERRIVAS

Fomento de Construcciones y Contratas' control portfolio held 69.79% of the outstanding shares in Cementos Portland Valderrivas, S.A., at the end of fiscal year 2011.

THE CEMENT SECTOR

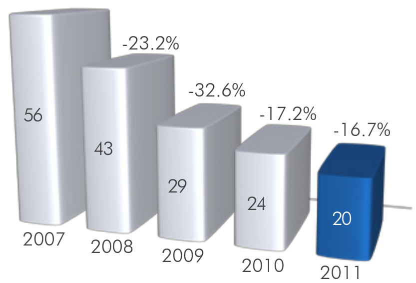
Spain

According to data facilitated by the National Association of Cement Manufacturers (OFICEMEN), in 2011 Spain consumed 20.2 million tons of cement. This was 4.2 million tons fewer than in 2010, making for a year-on-year variation of -16.7%. In four years apparent consumption in Spain has plummeted 63.8%, which in absolute figures means a decline of 35.8 million tons.

Domestic cement and clinker imports were down to 1.1 million tons in 2011, 39.2% less than the 1.7 million tons imported in 2010. The reduction in import tons since 2007 adds up to 92.4%, the equivalent of 12.8 million tons.

In view of this situation, Spanish manufacturers have been concentrating much harder than before on their international markets in order to palliate the flagging domestic demand. Since 2007 cement and clinker exports have soared 252.9%, from 1.1 million tons in 2007 to 3.9 million in 2011 (closely resembling the figure for 2010).

Cement Production in Spain
Million tons



CEMENT

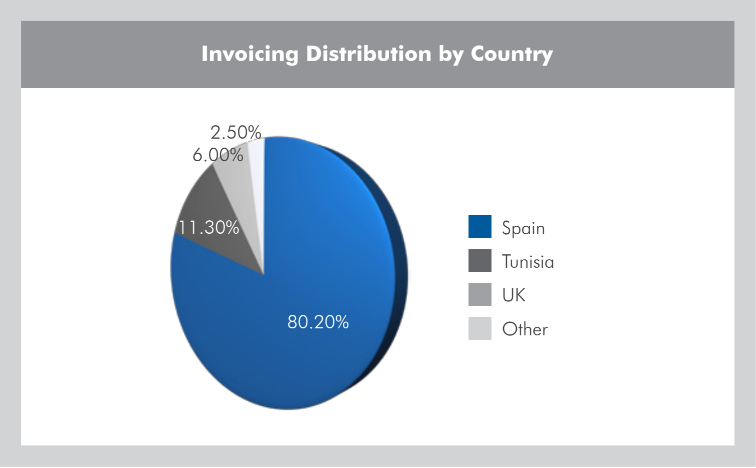
The United States, Tunisia and the United Kingdom
In 2011 72.3 million tons of cement were consumed in the United States, according to provisional information facilitated by the U.S. Department of the Interior's Geological Survey. The trend of steadily downward consumption since 2006 has therefore changed, since the 2011 consumption figure was 1.1 million tons higher than the 71.2 million tons that demand reached in 2010, a 1.5% increase.

Cement and clinker imports fell 7.9% from 6.62 million tons in 2010 to 6.10 million in 2011, and exports rose 44.1% to 1.7 million tons, from the 1.2 million tons exported the preceding year.

Due to the climate of political instability that began gathering early in 2011, cement consumption in Tunisia has experienced a decline of 7.7% from the year before, which is equivalent to 560,000 tons, according to information released by Tunisia's Chambre National de Producteurs de Ciment. So, the trend of uninterrupted growth of demand since 2006 has broken.

Cement and clinker imports came down as well, by 27% since 2010, and exports declined by 58.1%, falling from 623,000 tons in 2010 to 261,000 tons exported in 2011.

In the United Kingdom, cement consumption for 2011 was 3% higher than in the preceding fiscal year due to construction (both finished and ongoing) for the impending Olympic Games. The Group's sales grew by a similar percentage.



GROUP DEVELOPMENT

Cement

For yet another year cement sales were hampered by the poor development of the international and domestic economies. Total aggregate cement and clinker sales totalled 8,883,675 tons and posted a negative year-on-year growth rate of 17.6%.

Of the Cementos Portland Valderrivas Group's total 2011 sales, 9.01% (that is, 800,048 tons) were for export. In Spain the export percentage was 11.6% (669,023 tons exported, compared to 5,780,583 tons sold inside the country). The United States shipped 91,695 tons abroad, and Tunisia, 39,330 tons, accounting for 6.7% and 2.9%, respectively, of each country's total sales, which were 1,372,757 tons for the US and 1,343,358 tons for Tunisia.

Ready-mixed concrete

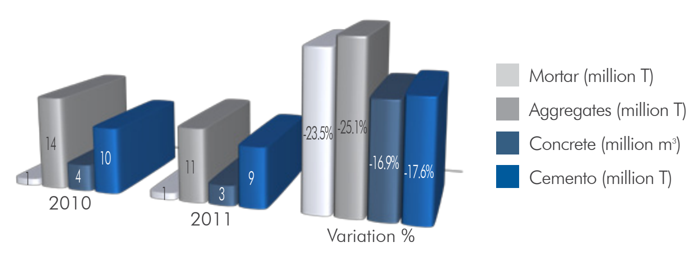
Sales of ready-mixed concrete amounted to 3,383,855 cubic metres in 2011, as opposed to 4,070,964 cubic metres the preceding year. Year-on-year sales were therefore down 16.9%.

The Cementos Portland Valderrivas Group currently owns 135 ready-mixed concrete plants in Spain, ten in the United States and four in Tunisia, for a total of 149 industrial facilities.

Of the Group's 3,383,855 cubic metres of total concrete sales in 2011, 3,167,939 cubic metres were sold in Spain, as opposed to 3,855,729 in 2010, which means the year-on-year variation is -17.8%. Tunisia is down 6.2%, with 152,736 cubic metres, and the United States is up 20.6%, although the 63,180 cubic metres sold there accounted for just 1.9% of the Group's overall volume in 2011.

THE OBJECTIVE FOR THE NEXT FEW YEARS IS TO MAKE ENERGY FROM WASTE STANDARD PROCEDURE AT ALL FACTORIES.

Sales in Physical Units



Aggregates

In fiscal year 2011 10,797,558 tons of aggregates were sold, compared to 14,418,922 tons in 2010. This meant a year-on-year decline of 25.1%.

The Group currently has 59 aggregate-mining and -processing plants, 56 in Spain, two in the United States and one in Tunisia.

Of the 10,797,558 tons sold in 2011, 10,541,673 tons were placed on the Spanish market. That was 25.7% less than the preceding year, when the figure was 14,191,605 tons. However, sales in the United States rose by 12.6% to 255,855 tons.

Dry Mortar

Dry mortar sales in 2011 amounted to 833,528 tons, 23.5% less than the year before (1,089,874 tons).

The Group has 18 dry mortar plants, all of which are in Spain.

CEMENT

The year's total for 2011, 833,528 tons, breaks down into 828,962 tons sold in Spain and 4,566 tons sold in the United Kingdom.

INDUSTRIAL INVESTMENTS

The commitment to recovering energy from waste took the lion's share of tangible investments last fiscal year. Most of that share was aimed at altering manufacturing, storage, handling, shipping and dispensing processes to enable traditional fuels to be swapped out for alternative fuels that offer the bonus of giving off lower CO_2 emissions.

The Group, which in 2009 used waste to produce energy in just four of its eight Spanish factories, has, through judicious tangible investments, managed in two years to extend the practice to six of its factories, thus tripling the Group's total energy replacement percentage in Spain to 13.4% in 2011.

In the facilities at the El Alto factories in Morata de Tajuña, Madrid; Hontoria, Palencia; Mataporquera, Cantabria; and Lemona, Vizcaya, a fully automated system has been set up to unload, store, ship and dispense alternative fuels through the main burner for the two grey clinker kilns.

A major environmental investment was made at Monjos, Barcelona. The kiln's main filter was changed, and a new sleeve filter was installed. Investments also went into new facilities for unloading, storing, shipping and dispensing alternative fuels through the main burner.

ENVIRONMENT, RDI AND KNOWLEDGE MANAGEMENT

The policy of using waste to produce energy in the Group's Spanish cement factories was consolidated in 2011. Alternative fuels (biomass) began to be used in an additional two factories that year, so six of the eight factories the Group owns in Spain now recover energy from waste.

Progress in the use of alternative fuels in Spain increased by nearly eight percentage points last year, to a replacement share of 13.4%. This increase was due mostly to the great leap in the replacement rate in the Hontoria, Lemona, Mataporquera and Vallcarca factories. This was made possible thanks to the necessary investments in retrofitting, to enable the facilities to burn alternative fuels, and modifications of the integrated environmental authorizations that permit alternative fuels to be used.

This environmental strategy has more achievements yet to come. In 2011 modification of the integrated environmental authorization for the Olazagutía factory was secured, allowing the factory to use plant biomass waste for energy. With this permit, all the cement-making facilities now have administrative authorization to use alternative fuels prepared from waste, mainly biomass.

Energy recovery is not the only way resource sustainability is being promoted, either; material recovery is being encouraged as well.

Waste is being used to replace a portion of the raw materials previously used. Enough progress was made in this direction in 2011 to enable 5.3% of raw materials to be replaced by waste.

The RDI Department was consolidated in 2011. Throughout the year the department continued working on three links of the same chain: research, development and applications, and innovation.

The Cementos Portland Valderrivas Group has gone on fostering research into new products with more added value and new products for new markets. As a result, in the last two years 11 new special kinds of cement have been developed that offer highly competitive advantages in terms of short setting time, strength under adverse external conditions, lower environmental impact in manufacturing and the ability to render certain pollutants inert.

Finding applications for new products and providing technical assistance on a number of projects that have tested the new products are two other activities on which the Group focussed its efforts last year. Most of the work was devoted to microcements (in the Pajares Tunnels), Ultraval (in the Ordicia Tunnels), tests conducted with AENA (the Spanish air traffic authority) and agglomerating agents for polluted soil (the subjects of several preliminary studies at Flix, Tarragona).

Work was begun on the technological assessment of new products and the issue of positioning vis-à-vis the marketing of the current portfolio of innovative products. Portland has the help of an interim management and strategic consultancy firm specializing in incorporating innovation into business models. Technological packets have been made up for these products, with market studies and the appropriate plans of action. The next step will be to set up joint ventures with other firms for the exploitation, development, management and marketing of the intellectual property.

All the initiatives outlined above have had significant indirect benefits, such as contacts and ties with a large number of other companies from different sectors, universities, research centres and public agencies, which have positioned the Group as the RDI standard setter in material development and application and have facilitated agreements with other organizations, such as the Schlumberger Group.

In short, Cementos Portland Valderrivas is aware that committing to innovation and radical change is the way to go. That is why in 2011 it embarked on an ambitious project aimed at transforming the Group into an innovating machine at every level.

The project is called “Spurring Innovation”. Under its guidelines, with the participation of more than 70 executives, an initial diagnosis was made of the company’s vision of innovation. The necessary plan of action was then established for changing the organization.

Knowledge management is management of the kinds of intangible assets that generate value for the organization, something vital at this time of crisis. This initiative, which is closely related with innovation, began in 2011, with the performance of an initial diagnosis of how this area is perceived in the Group.

CEMENT

HUMAN RESOURCES, SAFETY, OCCUPATIONAL HEALTH AND INFORMATION SYSTEMS

Throughout 2011 the Group continued adjusting the structure of its organization and human resources to the situation of the markets where it does business. For this reason the payroll was reduced by 281 employees, bringing the total workforce at 31 December to 3,126 employees. The adjustment process was carried out through a plan drawn up for the cement, concrete, aggregate and mortar businesses with the collaboration of the appropriate workers' committees and labour union sections.

The collective bargaining agreement for the factory in Mataporquera, Cantabria, was signed in 2011 and will remain in force until late 2012. Other agreements were also reached: with the committees representing cement factory workers, for job relocation and reorganization during factory downtime; and with the Cementos Portland Valderrivas Workers' Committee in Madrid, for locating the head procurement office at the El Alto factory offices.

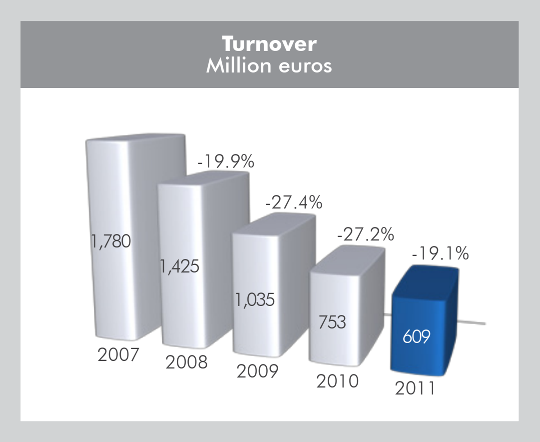
In the United States, an agreement was reached with the union for the new labour contract for the factory in Keystone, Pennsylvania; the agreement will bring savings in labour costs and benefits. Moreover, the company won the arbitration proceedings concerning subcontracting under the union labour contract at the factory in Harleyville, South Carolina, and the Keystone factory.

In Tunisia the social and labour conflicts and tensions running throughout 2011 affected the Enfidha factory, which was shut down for the months of July, August and September and a few days in October. The problem was settled through an agreement protocol with the Department of the Interior of the province of Sousse, thus enabling the factory to resume production.

SHARE BEHAVIOUR ON THE CONTINUOUS MARKET

Madrid stock market indexes ranged between a high of 1,138.13 on 17 February and a low of 770.26 on 12 September, closing at 857.65 on the last trading day of December.

CEMENT



The Basic Materials, Industry and Building Index, where the company's shares are classified, posted its high for the year of 1,311.34 on 6 April and its low of 909.86 on 24 November. It closed at 989.76 on 30 December.

Shares in Cementos Portland Valderrivas were traded on every one of the continuous market's 256 trading days in 2011. A total of 3,800 807 shares were traded, the equivalent of 10% of the company's capital. The market capitalization at 30 December was 258.3 million euros. The high of 16.90 euros was hit on 9 March, and the low of 6.81 euros fell on 30 December. The average quotation for the fiscal year was 11.9 euros per share.

RESULTS

The Group's results in 2011 were directly affected by the balance sheet readjustment. Aside from that effect, the result was influenced by the reduction in demand in Spain and the conflictive situation in Tunisia, where production and sales ground to a temporary halt for the third quarter of the year.

Therefore, the Group earmarked 337 million euros for readjustment, distributed as follows: 261 million euros for the impairment of the carrying value of the goodwill, mainly Corporación Uniland's; 42 million euros for asset impairment, especially in the concrete, aggregate and dry mortar businesses; and 33.6 million euros due to the impairment of shareholdings and expense provisions.

The financial figures at 31 December 2011 show the effect of Cementos Portland Valderrivas' decision to reclassify the Giant Cement Holding Inc. Group on its books. Since July 2011 Giant is listed as a non-current asset available for sale, and it is regarded as discontinued business, in that the group's business in the American geographical market is discontinued, given the commitment to a plan of disposal. As a consequence an active search for a buyer is in progress.

Pursuant to the International Financial Reporting Standards, the Group has restated the comparative figures from its consolidated

CEMENT

income statement and consolidated cash flow statement for fiscal year 2010, registering the net result after taxes for Giant Cement Holding Inc. as a single sum and breaking down separately the net cash flows attributable to operating activities, investing activities and financing of discontinued operations. For this reason the income statement for fiscal year 2010 differs from the income statement approved by the General Meeting of Shareholders held on 11 May 2011.

As a consequence of the drop in Group sales volumes and prices in 2011, the turnover earned was 609.1 million euros, 19.1% lower than in the preceding year. This meant a reduction of 144.3 million euros in absolute figures.

Plan 100+ was the savings plan for fiscal year 2010. Its successor is the 2011 Excellence Plan, which arose as new tool for applying needed measures aimed at improving the gross operating profit from both the cost standpoint and the revenue improvement standpoint. In 2011 the plan reported a success in excess of 50 million euros.

The gross operating profit fell from 216.8 million euros to 150.1 million euros, a 30.8% reduction, although as a margin of turnover the decline was only from 28.8% in 2010 to 24.6% in 2011.

In net terms, the operating result was a loss of 293.1 million euros, as opposed to the 91.1 million euros of profit earned the year before.

The Group reported a loss of 345.5 million euros in 2011, compared with 37.6 million euros in gains the previous year.

For the reasons explained, the Group's net result attributable to the controlling company came to 327.4 million euros in losses, compared with 1.2 million euros in profits reported in 2010.

Given the economic situation the sector is going through, of the 44.1 million euros in total investments made by Cementos Portland Valderrivas in 2011, 33.1 million euros were tangible investments that, as stated previously in this report, were limited to the investments already committed to in fiscal 2010, the new energy recovery facilities and such investments as were vital to keep the different industrial facilities running smoothly.

The Group's total assets, 3,282.5 million euros, registered a year-on-year decline of 12.4% due to the reduction in depreciation and amortization and the sale of non-strategic assets.

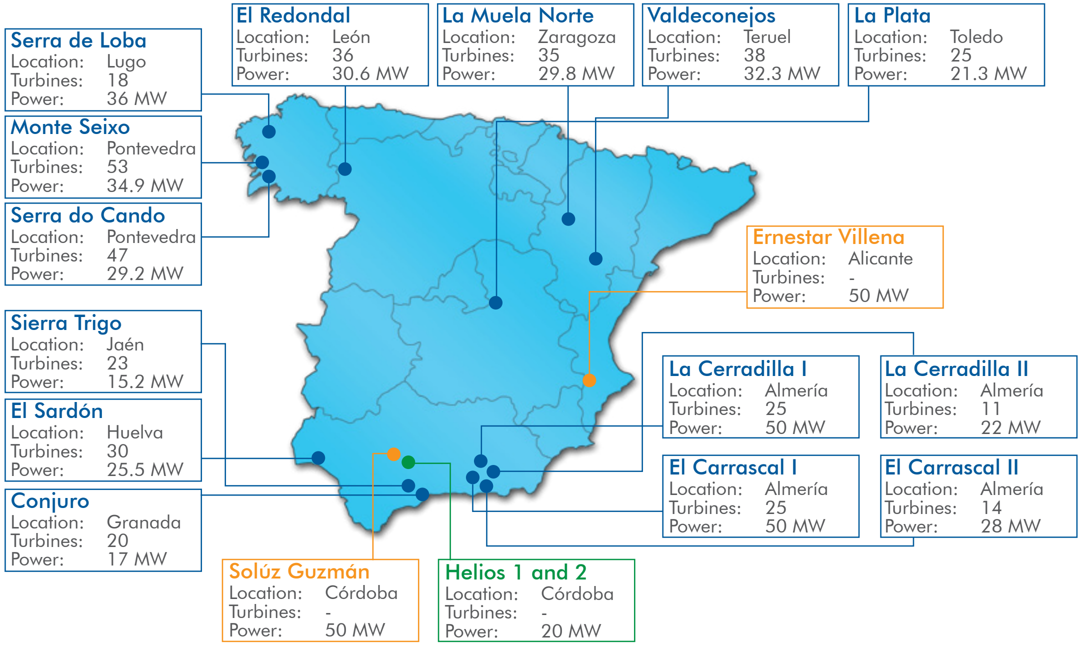
DEPARTMENT OF ENERGY

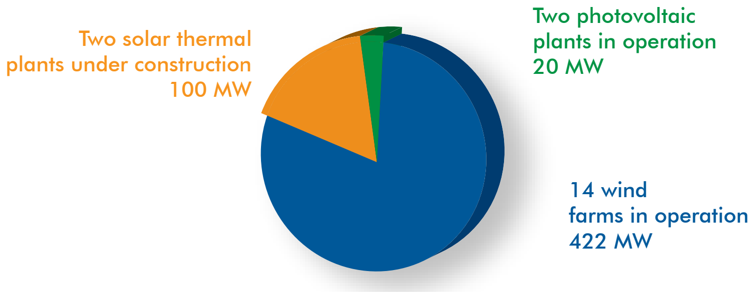
FCC ENERGÍA

FCC Energía has been handling the Group's investments in electricity production from renewable sources since 2008. Renewable power production is becoming consolidated the world over, despite the fact that conditions just at present are not terribly favourable. Many different organizations, including the OECD, the IEA and the United Nations, consider that renewable technologies are helping to reduce greenhouse gas emissions. In our country, using renewable sources to generate electricity is doing a lot to make Spain less dependent on other countries for its energy, so it is helping to improve the balance of payments. Through renewable power generation, FCC avoided 366 tons of CO_2 emissions in 2011 and produced enough electricity to power 175,000 homes.

Wind power and photovoltaic power production add up to 774,669 MWh.

BREAKDOWN OF ASSETS BY GEOGRAPHICAL AREA





ENERGY

Activities in Photovoltaic Power

FCC Energía is the owner of two 10 MW photovoltaic facilities in Córdoba. The facilities have been operating and outputting energy since September 2008. Production for 2011 added up to 33,740 MWh.

Wind Power Tenders

In 2010 FCC Energía won capacity tenders in the autonomous communities of Galicia and Cataluña.

Galicia

The site where this 48 MW assignment is located straddles the municipalities of Laracha and Pico Cedeira. The company holding the assignment is Sigenera, S.L. FCC Energía owns 50% of the company, and the other 50% belongs to the Inveravante Group. The site will hold 16 wind generators rated to produce 3 MW apiece. In 2011 project preparation began, and applications were submitted for the pertinent permits and authorizations. Implementation of the promised industrial plan began as well.

Cataluña

Three projects are in progress in priority development zone VIII (Anoia and Segarra) under a 98 MW assignment made to FCC Energía Catalunya, S.L., a company whose investors also include Deenma (holder of a 20% interest). During 2011 the work to prepare the project was done. An appeal has been filed against the announcement of the tender by the Autonomous Community of Cataluña, but the commitment to the work remains unchanged.

Activities in Solar Thermal Power

In 2010 construction started on a 50 MW solar thermal plant in Guzmán, in Palma del Río (Córdoba). In 2011 FCC brought in Mitsui, a Japanese corporation that purchased a 30% share in the project. This facility will become operational this fiscal year and will begin outputting energy into the grid in December.

FCC Energía bought 67% of Enerstar Villena in June 2009. Enerstar Villena plans to build and operate a 50 MW solar thermal plant in Villena, Alicante. In 2011 FCC Energía bought the remaining 33%, so it now owns the entire company.

In August last year the necessary permits were secured to start work on the site, and by the end of the year earthworks were completed, making everything ready to start construction. The facility is scheduled to be outputting energy into the grid by December 2013.

Innovation and Technological Development

FCC Energía is keenly interested in developing innovative solutions in the energy field. It works with other Group divisions on projects in electric mobility, energy efficiency and energy saving, the generation of renewable energy, RDI designs for power generation and storage and sustainable building.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED GROUP

CONSOLIDATED BALANCE SHEET

ASSETS	31/12/2011		31/12/2010	
NON-CURRENT ASSETS		11,074,062		13,393,742
Intangible assets (Note 7)		4,317,029		5,063,681
Concessions (Notes 7 and 11)	1,022,734		1,040,868	
Goodwill	2,352,312		2,613,750	
Other intangible assets	941,983		1,409,063	
Property, plant and equipment (Note 8)		4,601,913		5,833,737
Land and buildings	1,480,246		1,629,153	
Plant and other items of property, plant and equipment	3,121,667		4,204,584	
Investment property (Note 9)		34,458		259,033
Investments accounted for using the equity method (Note 12)		1,115,719		1,222,895
Non-current financial assets (Note 14)		461,999		415,799
Deferred tax assets (Note 25)		542,944		598,597
CURRENT ASSETS		11,373,405		8,585,395
Non-current assets classified as held for sale (Note 4)		1,846,971		—
Inventories (Note 15)		1,271,355		1,138,375
Trade and other receivables		5,496,798		5,491,691
Trade receivables for sales and services (Note 16)	4,953,813		4,938,574	
Other receivables (Note 16)	514,703		514,783	
Current tax assets (Note 25)	28,282		38,334	
Other current financial assets (Note 14)		395,689		225,763
Other current assets		59,951		50,915
Cash and cash equivalents (Note 17)		2,302,641		1,678,651
TOTAL ASSETS		22,447,467		21,979,137

The accompanying Notes 1 to 34 and Appendixes I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2011.

CONSOLIDATED FINANCIAL STATEMENTS

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2011 (IN THOUSANDS OF EUROS)

EQUITY AND LIABILITIES	31/12/2011		31/12/2010	
EQUITY (Note 18)		2,914,940		3,206,301
Equity attributable to the Parent		**2,378,884**		**2,562,930**
Shareholders' equity	2,813,024		2,840,066	
Share capital	127,303		127,303	
Retained earnings and other reserves	2,969,654		2,811,257	
Treasury shares	(347,479)		(346,915)	
Profit for the year attributable to the Parent	108,248		301,253	
Interim dividend	(80,616)		(88,746)	
Other equity instruments	35,914		35,914	
Valuation adjustments	(434,140)		(277,136)	
Non-controlling interests		**536,056**		**643,371**
NON-CURRENT LIABILITIES		7,535,310		10,962,527
Grants		**159,721**		**104,693**
Long-term provisions (Note 20)		**1,083,109**		**1,047,836**
Non-current financial liabilities (Note 21)		**5,160,308**		**8,628,968**
Debt instruments and other marketable securities	694,541		672,517	
Bank borrowings	3,587,504		6,889,345	
Other financial liabilities	878,263		1,067,106	
Deferred tax liabilities (Note 25)		**995,468**		**1,156,043**
Other non-current liabilities (Note 22)		**136,704**		**24,987**
CURRENT LIABILITIES		11,997,217		7,810,309
Liabilities associated with non-current assets classified as held for sale (Note 4)		**1,396,653**		**—**
Short-term provisions (Note 20)		**178,887**		**143,233**
Current financial liabilities (Note 21)		**4,830,637**		**1,988,231**
Debt instruments and other marketable securities	10,658		8,133	
Bank borrowings	4,484,565		1,635,476	
Other financial liabilities	335,414		344,622	
Trade and other payables (Note 23)		**5,577,414**		**5,662,968**
Payable to suppliers	2,934,933		3,318,288	
Other payables	2,584,056		2,237,173	
Current tax liabilities (Note 25)	58,425		107,507	
Other current liabilities		**13,626**		**15,877**
TOTAL EQUITY AND LIABILITIES		22,447,467		21,979,137

The accompanying Notes 1 to 34 and Appendixes I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2011.

CONSOLIDATED INCOME STATEMENT

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2011 (IN THOUSANDS OF EUROS)

	31/12/2011	31/12/2010
Revenue (Note 29)	**11,754,765**	**11,908,088**
In-house work on non-current assets	53,641	62,752
Other operating income (Note 28)	322,310	335,882
Changes in inventories of finished goods and work in progress	66,897	13,301
Procurements (Note 28)	(5,515,387)	(5,589,896)
Staff costs (Note 28)	(3,292,672)	(3,258,153)
Other operating expenses	(2,137,231)	(2,105,851)
Depreciation and amortisation charge (Notes 7, 8 and 9)	(643,516)	(659,217)
Allocation to profit or loss of grants related to non-financial non-current assets and other grants	2,890	2,700
Impairment and gains or losses on disposals of non-current assets (Note 28)	(98,693)	145,018
Other gains or losses	(112,208)	(76,689)
PROFIT FROM OPERATIONS	400,796	777,935
Finance income (Note 28)	89,839	59,499
Finance costs (Note 28)	(501,341)	(391,478)
Changes in fair value of financial instruments (Note 28)	13,198	(30,486)
Exchange differences	8,455	20,864
Impairment and gains or losses on disposals of financial instruments	10,760	(4,972)
FINANCIAL LOSS	(379,089)	(346,573)
Result of companies accounted for using the equity method (Note 28)	33,286	12,903
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	54,993	444,265
Income tax (Note 25)	(27,154)	(97,761)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	27,839	346,504
Loss for the year from discontinued operations, net of tax	(24,925)	(32,921)
CONSOLIDATED PROFIT FOR THE YEAR	2,914	313,583
Profit attributable to the Parent	**108,248**	**301,253**
Profit (Loss) attributable to non-controlling interests (Note 18)	**(105,334)**	**12,330**
EARNINGS PER SHARE (Note 18)		
Basic	0.94	2.60
Diluted	0.94	2.56

The accompanying Notes 1 to 34 and Appendixes I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2011.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2011 (IN THOUSANDS OF EUROS)

	31/12/2011		31/12/2010	
CONSOLIDATED PROFIT FOR THE YEAR		2,914		313,583
Income and expense recognised directly in equity		**(211,074)**		**(12,745)**
Revaluation of financial instruments	78		1,752	
Cash flow hedges	(139,528)		(86,384)	
Translation differences	6,227		56,070	
Companies accounted for using the equity method	(109,062)		(284)	
Tax effect	31,211		16,101	
Transfers to profit or loss		**62,773**		**70,104**
Cash flow hedges	74,988		101,086	
Companies accounted for using the equity method	9,773		3	
Tax effect	(21,988)		(30,985)	
TOTAL COMPREHENSIVE INCOME		(145,387)		370,942
Attributable to the Parent		**(37,136)**		**342,720**
Attributable to non-controlling interests		**(108,251)**		**28,222**

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2011 (IN THOUSANDS OF EUROS)

	Share capital (Note 18.a)	Share premium and reserves (Note 18.b)	Interim dividend (Note 18.d)	Treasury shares (Note 18.c)	Profit for the year attributable to the Parent	Other equity instruments (Note 18.e)	Valuation adjustments (Note 18.f)	Equity attributable to shareholders of the Parent	Non-controlling interests (Note 18.II)	Equity
Equity at 31 December 2009	127,303	2,670,802	(88,746)	(270,882)	296,036	35,914	(325,535)	2,444,892	652,682	3,097,574
Total income and expenses for the year					**301,253**		**41,467**	**342,720**	**28,222**	**370,942**
Transactions with shareholders or owners										
Capital increases/(reductions)									6,776	6,776
Dividends paid		131,520			(296,036)			(164,516)	(22,488)	(187,004)
Treasury share transactions (net)				(76,033)				(76,033)		(76,033)
Other transactions with shareholders or owners		4,042						4,042	365	4,407
Other changes in equity		**4,893**					**6,932**	**11,825**	**(22,186)**	**(10,361)**
Equity at 31 December 2010	127,303	2,811,257	(88,746)	(346,915)	301,253	35,914	(277,136)	2,562,930	643,371	3,206,301
Total income and expenses for the year					**108,248**		**(145,384)**	**(37,136)**	**(108,251)**	**(145,387)**
Transactions with shareholders or owners										
Capital increases/(reductions)									5,643	5,643
Dividends paid		136,430	8,130		(301,253)			(156,693)	(6,886)	(163,579)
Treasury share transactions (net)				(564)				(564)		(564)
Other transactions with shareholders or owners										
Other changes in equity		**21,967**					**(11,620)**	**10,347**	**2,179**	**12,526**
Equity at 31 December 2011	127,303	2,969,654	(80,616)	(347,479)	108,248	35,914	(434,140)	2,378,884	536,056	2,914,940

The accompanying Notes 1 to 34 and Appendixes I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2011.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS (INDIRECT METHOD)

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2011 (IN THOUSANDS OF EUROS)

	31/12/2011		31/12/2010	
Profit before tax from continuing operations		**54,993**		**444,265**
Adjustments for		**1,231,426**		**993,436**
Depreciation and amortisation charge (Notes 7, 8 and 9)	643,516		659,216	
Impairment of goodwill and non-current assets (Notes 7 and 8)	309,942		21,345	
Other adjustments to profit (net)	277,968		312,875	
Changes in working capital		**(230,572)**		**(424,550)**
Other cash flows from operating activities		**(56,408)**		**(45,336)**
Dividends received	28,482		21,752	
Income tax recovered/(paid) (Note 25)	(49,285)		(30,737)	
Other proceeds/(payments) relating to operating activities	(35,605)		(36,351)	
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		999,439		967,815
Payments due to investment		**(661,917)**		**(860,695)**
Group companies, associates and business units	(64,295)		(82,717)	
Property, plant and equipment, intangible assets and investment property (Notes 7, 8 and 9)	(528,031)		(668,730)	
Other financial assets	(69,591)		(109,248)	
Proceeds from disposal		**641,792**		**355,588**
Group companies, associates and business units	100,317		187,646	
Property, plant and equipment, intangible assets and investment property (Notes 7, 8 and 9)	524,065		141,828	
Other financial assets	17,410		26,114	
Other cash flows from investing activities		**25,347**		**(2,253)**
Interest received	35,757		21,533	
Other proceeds/(payments) relating to investing activities	(10,410)		(23,786)	
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES		5,222		(507,360)

CONSOLIDATED STATEMENT OF CASH FLOWS (INDIRECT METHOD)

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2011 (IN THOUSANDS OF EUROS)

	31/12/2011		31/12/2010	
Proceeds and (payments) relating to equity instruments (Note 18)		(20,691)		(75,972)
Issues/(redemptions)	2,365		4,654	
(Acquisitions)/disposals	(23,056)		(80,626)	
Proceeds and (payments) relating to financial liability instruments (Note 21)		223,883		182,468
Issues	575,359		922,286	
Repayments and redemptions	(351,476)		(739,818)	
Dividends and returns on equity instruments paid (Note 6)		(173,191)		(201,236)
Other cash flows from financing activities		(380,905)		(309,490)
Interest paid	(379,662)		(307,411)	
Other proceeds/(payments) relating to financing activities	(1,243)		(2,079)	
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES		(350,904)		(404,230)
Effect of foreign exchange rate changes		3,494		13,010
Net cash flows from discontinued operations (Note 4)		—		(45,046)
Cash and cash equivalents of discontinued operations at 31/12/10, reclassified		(33,261)		—
OTHER CASH FLOWS		(29,767)		(32,036)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		623,990		24,189
Cash and cash equivalents at beginning of year		1,678,651		1,654,462
Cash and cash equivalents at end of year		2,302,641		1,678,651

The accompanying Notes 1 to 34 and Appendixes I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2011.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES AT 31 DECEMBER 2011

1. GROUP ACTIVITIES

The FCC Group is made up of the Parent, Fomento de Construcciones y Contratas, S.A., and a number of Spanish and foreign investees which carry on various business activities that are grouped together in the following areas:

- **Services:** this area comprises the units specialising in **environmental services**, i.e. services related to urban cleaning, industrial waste treatment, waste-to-energy systems and the integral water cycle, and includes **Versia**, which provides various services such as logistics, street furniture, aircraft and passenger ground handling, street maintenance and traffic systems, etc.
- **Construction:** this area specialises in infrastructure construction projects, building construction and related activities, such as motorways, freeways and other roads, tunnels, bridges, hydraulic construction works, ports, airports, residential property developments, housing units, non-residential building construction, lighting, industrial air conditioning and heating systems, environmental restoration, etc.
- **Cement:** this area engages in the operation of quarries and mineral deposits, the manufacture of cement, lime, plaster and related pre-manufactured products and the production of concrete.

The FCC Group is also present in the **Renewable Energies** industry. At 2011 year-end it was negotiating an agreement with Mitsui & Co. Ltd. in connection with the energy business which should culminate in the formal arrangement of a joint venture in which the FCC Group will have a 50% interest. In order to reflect this situation in the accompanying financial statements, in accordance with accounting standards and as indicated in Note 4 to these financial statements, the assets and liabilities of the Energy business are presented as assets and liabilities classified as held for sale and as discontinued operations.

Similarly, the FCC Group is present in the real estate industry through its 30.18% ownership interest in Realia Business, S.A., which engages mainly in housing development and office rental, both in Spain and abroad. Until 31 December 2011, the Group developed the activity of renting the office space of the Torre Picasso building. As indicated in Note 9 to these financial statements, the Group has sold this building.

The Group also engages, mainly through its 50% ownership interest in Globalvía Infrastructures, S.A., in infrastructure concessions (motorways, tunnels, marinas, railways, tramways and buildings for a variety of uses).

International operations, which represent approximately 52% of the FCC Group's revenue (46% in 2010), are carried on mainly in the European, US and Latin American markets. In 2011, for the first time in the FCC Group's history, international operations surpassed those performed in Spain.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND BASIS OF CONSOLIDATION

a) Basis of presentation

The accompanying financial statements and the notes thereto, which compose these statutory consolidated financial statements, were prepared in accordance with the International Financial Reporting Standards (IFRSs) adopted by the European Union at year-end, in conformity with (EC) Regulation no. 1606/2002 of the European Parliament and of the Council, of 19 July 2002, and with all the related implementing provisions and interpretations.

The 2011 consolidated financial statements of the FCC Group were formally prepared by the Board of Directors of Fomento de Construcciones y Contratas, S.A. and will be submitted for approval by the shareholders at the Annual General Meeting. However, no changes are expected to be made to the consolidated financial statements as a result of compliance with this requirement. The 2010 consolidated financial statements were approved by the shareholders of Fomento de Construcciones y Contratas, S.A. at the Annual General Meeting held on 1 June 2011.

These consolidated financial statements of the FCC Group present fairly its equity and financial position at 31 December 2011 and

CONSOLIDATED FINANCIAL STATEMENTS

2010, and the consolidated results of its operations, the changes in the consolidated equity and the consolidated cash flows in the years then ended.

The consolidated financial statements of the FCC Group were prepared from the accounting records of Fomento de Construcciones y Contratas, S.A. and of its investees. These records, in accordance with the Group's established operating procedures and systems, justify and support the consolidated financial statements prepared pursuant to current international accounting regulations.

In order to uniformly present the various items composing these consolidated financial statements, accounting standardisation criteria were applied to the separate financial statements of the companies included in the scope of consolidation. In general, in 2011 and 2010 the reporting date of the financial statements of the companies included in the scope of consolidation was the same as that of the Parent, i.e. 31 December.

The consolidated financial statements are expressed in thousands of euros.

Reclassifications and changes in accounting policies

In 2011 the FCC Group put up for sale Giant Cement Holding, Inc., the company heading its cement business in the United States, and it is currently negotiating an agreement with Mitsui & Co. Ltd. for the sale of half of the Group's Energy area. The investment in this area would become a joint venture and, in accordance with the accounting regulations applicable to the Group, it would be accounted for using the equity method (see Note 4). Consequently, as established for such cases in IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, the two business units were classified as “Non-Current Assets Classified as Held for Sale” and “Liabilities Associated with Non-Current Assets Classified as Held for Sale” in the accompanying consolidated balance sheet and as “Loss for the Year from Discontinued Operations, Net of Tax” in the consolidated income statement. Also pursuant to the applicable standards, for comparison purposes the relevant uniformity adjustments were made to the income statement and the statement of cash flows for 2010.

In 2010 a change was made in the accounting policy applicable to operating licence contracts (located mainly in the street furniture business carried on by the Versia Area) under which the operator is obliged to make certain fixed minimum payments. The new policy led to the recognition of the present value of the committed fixed minimum outflow as an intangible asset, representing the operating right, and of a balancing entry in liabilities, representing the payment obligation incurred. As a result of application of this policy, the Group recognises an expense for the amortisation of the intangible asset and an interest cost resulting from discounting the liability to its present value. The aforementioned change does not affect those cases in which the amount of the future payments varies on the basis of a series of parameters, since such cases therefore do not constitute, in themselves, a payment obligation.

Standards and interpretations issued but not yet in force

At the date of preparation of these notes to the consolidated financial statements, the most significant standards and interpretations that had been published by the International Accounting Standards Board (IASB) in the year but which had not yet come into force, either because they had not yet been adopted by the European Union or because they are applicable in subsequent years, were as follows:

		Obligatory application for the FCC Group
Not adopted by the European Union		
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
Amendments to IAS 27	Separate Financial Statements	1 January 2013
Amendments to IAS 28	Investments in Associates and Joint Ventures	1 January 2013
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to IFRS 9 and IFRS 7	Financial Instruments	1 January 2013
Amendments to IAS 12	Deferred Tax: Recovery of Underlying Assets	1 January 2012
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income	1 January 2013
Amendment to IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to IAS 19	Employee Benefits	1 January 2013
Amendments to IFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Adopted by the European Union but not yet in force		
Amendments to IFRS 7	Transfers of financial assets	1 January 2012

After assessing the potential impact of applying these standards in the future, it was considered that their entry into force would not have a material impact on the consolidated financial statements.

Significant standards and interpretations applied in 2011 and 2010

The FCC Group adopted all the amendments and revisions made to the texts and interpretations of the International Financial Reporting Standards applicable to it. No noteworthy impacts resulted from application of these amendments and revisions.

b) Basis of consolidation

Subsidiaries

The subsidiaries listed in Appendix I, whose financial and operating policies are controlled by Fomento de Construcciones y Contratas, S.A., either directly or through other companies controlled by it, were fully consolidated.

The share of non-controlling interests of equity is presented under "Non-Controlling Interests" on the liability side of the accompanying consolidated balance sheet and their share of profit or loss is presented under "Profit (Loss) Attributable to Non-Controlling Interests" in the accompanying consolidated income statement.

Goodwill is determined as indicated in Note 3-b below.

Joint ventures

The Group participates in joint ventures through investments in companies controlled jointly by one or more FCC Group companies with other non-Group companies (see Note 12) and through interests in unincorporated temporary joint ventures (Spanish UTEs) and other similar entities (see Note 13).

CONSOLIDATED FINANCIAL STATEMENTS

Based on application of the alternative included in IAS 31 "Interests in Joint Ventures", the Group accounts for the interests in jointly controlled entities using the equity method and recognises them under "Investments Accounted for Using the Equity Method" in the accompanying consolidated balance sheet. The share in the after-tax profit or loss for the year of these companies is recognised under "Result of Companies Accounted for Using the Equity Method" in the accompanying consolidated income statement.

Contracts and businesses operated jointly, primarily in the construction and services activities through unincorporated temporary joint ventures and similar entities, were included in the accompanying consolidated financial statements in proportion to the Group's percentage interest in the assets, liabilities, income and expenses arising from the transactions performed by these entities, and reciprocal asset and liability balances and income and expenses not realised vis-à-vis third parties were eliminated.

Appendix II lists the companies controlled jointly with non-Group third parties and Appendix V lists the businesses and contracts operated jointly with non-Group third parties through unincorporated temporary joint ventures and other entities of similar legal characteristics.

Associates

The companies listed in Appendix III, over which Fomento de Construcciones y Contratas, S.A. does not exercise control but does have significant influence, are equity-accounted and are included under "Investments Accounted for Using the Equity Method" in the accompanying consolidated balance sheet. The contribution of these companies to after-tax profit or loss for the year is recognised under "Result of Companies Accounted for Using the Equity Method" in the accompanying consolidated income statement.

Transactions between Group companies

Gains or losses on transactions between consolidated companies are eliminated on consolidation and deferred until they are realised vis-à-vis non-Group third parties. This elimination does not apply in the case of "concession arrangements" since the related gains or losses are deemed to have been realised vis-à-vis third parties (see Note 3-a).

Group work on non-current assets is recognised at production cost, and any intra-Group results are eliminated.

Reciprocal receivables and payables and intra-Group income and expenses were eliminated from the consolidated financial statements.

Changes in the scope of consolidation

Appendix IV shows the changes in 2011 in the fully consolidated companies and the companies accounted for using the equity method. The results of these companies are included in the consolidated income statement from the effective date of acquisition to year-end or from the beginning of the year to the effective date of disposal, as appropriate.

The effects of the inclusion of companies in the scope of consolidation or of their removal therefrom are shown in the related notes to the consolidated financial statements under "Changes in the Scope of Consolidation". In addition, Note 5 to these consolidated financial statements ("Changes in the Scope of Consolidation") sets forth the most significant inclusions and removals.

3. ACCOUNTING POLICIES

Set forth below is a detail of the accounting policies used in preparing the FCC Group's consolidated financial statements:

a) Service concession arrangements

The concession contracts are arrangements between a public sector grantor and FCC Group companies to provide public services such as water distribution, wastewater filtering and treatment, management of landfills, motorways and tunnels, etc., through the operation of the related infrastructure. Revenue from providing the service may be received directly from the users or, sometimes, through the concession grantor itself, which regulates the prices for providing the service.

The concession right generally means that the concession operator has an exclusive right to provide the service under the concession for a given period of time, after which the infrastructure assigned to the concession and required to provide the service is returned to the concession grantor, generally for no consideration. Concession contracts are required to provide for the management or operation of the infrastructure and they generally provide for the obligation to acquire or construct all the items required to provide the concession service over the contract term.

These concession contracts are recognised pursuant to IFRIC 12 “Service Concession Arrangements”. In general, a distinction must be drawn between two clearly different phases: the first in which the concession operator provides construction or upgrade services which are recognised under intangible or financial assets by reference to the stage of completion pursuant to IAS 11, Construction Contracts; and a second phase in which the concession operator provides a series of maintenance or operation services of the aforementioned infrastructure, which are recognised in accordance with IAS 18 "Revenue".

An intangible asset is recognised when the demand risk is borne by the concession operator and a financial asset is recognised when the demand risk is borne by the concession grantor since the operator has an unconditional contractual right to receive cash for the construction or upgrade services. These assets also include the amounts paid in relation to the fees for the award of the concessions.

In certain mixed arrangements, the operator and the grantor may share the demand risk, although this is not common for the FCC Group.

For concessions classified as intangible assets, provisions for dismantling, removal and rehabilitation and any steps to improve and increase capacity, the revenue from which is envisaged in the initial contract, are capitalised at the start of the concession and the amortisation of these assets and the adjustment for provision discounting are recognised in profit or loss. Also, provisions to replace and repair the infrastructure are systematically recognised in profit or loss as the obligation is incurred.

Borrowing costs arising from the financing of the infrastructure are recognised in the period in which they are incurred and those accruing from the construction until the entry into service of the infrastructure are capitalised only in the intangible asset model.

These intangible assets are amortised on the basis of the pattern of consumption of the expected future economic benefits, taken to be the changes in and best estimates of the production units of each activity. The Group's most important concession business in quantitative terms is thee water supply and treatment activity, in which the assets are amortised on the basis of water consumption; in general, this consumption remains constant over time due, on the one hand, to the reduction arising from water saving policies and, on the other, to the rise resulting from the increase in the population. The assets are amortised in full over the concession term, which generally ranges from 25 to 50 years.

Concessions classified as a financial asset are recognised at the fair value of the construction or upgrade services provided. In accordance with the amortised cost method, the related income is recognised as revenue in profit or loss based on the effective interest rate resulting from the expected cash inflows and outflows of the concession. The borrowing costs arising from the financing of these assets are classified under “Finance Costs” in the consolidated income statement. As explained above, the income and expenses from the provision of maintenance and operation services are recognised in profit or loss in accordance with IAS 18 “Revenue”.

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b) Business combinations and goodwill

The assets and liabilities of the acquired companies and subgroups are recognised in the consolidated balance sheet at their fair value together with the related deferred taxes. However, in accordance with regulations, the initial measurement of the assets and liabilities and their allocation to the various asset and liability headings may be reviewed within the twelve months following the acquisition date, should it be necessary to consider new information.

The date of inclusion in the scope of consolidation is the date on which effective control of the company is obtained, which normally coincides with the acquisition date.

Goodwill is recognised as the excess of (a) the aggregate of the fair value of the consideration transferred for the equity interest acquired and the acquisition-date fair value of the previously held equity interests, when control is achieved in stages, over (b) the percentage interest acquired in the fair value of the identifiable assets and liabilities.

Non-controlling interests are measured at their proportionate share of the acquiree's assets and liabilities.

In a business combination achieved in stages, the difference between the acquisition-date fair value of the previously held equity interest and the carrying amount of this equity interest is recognised as profit or loss from operations.

Once control is obtained over an investee and provided control is not lost, the difference between the amount of any additional equity interest acquired or sold and its carrying amount is accounted for in equity.

Goodwill is not amortised; however it is tested for impairment at least at the end of each reporting period in order to recognise it at the lower of its recoverable amount, estimated on the basis of expected cash flows, and acquisition cost, less any accumulated impairment losses. The accounting policies used to determine impairment are detailed in Note 3-e.

c) Intangible assets

Except as indicated in the preceding two sections of this Note in relation to service concession arrangements and goodwill, the other intangible assets included in the accompanying consolidated financial statements are measured at acquisition cost or, in contracts (mainly for street furniture - see Note 7-c) in which the operating licence provides for the payment of a fixed minimum fee, at the initial present value of the committed minimum cash outflows, less any accumulated amortisation and any accumulated impairment losses. These intangible assets include the investments relating to operating contracts and licences and to surface rights.

None of these intangible assets recognised were generated internally and they all have a finite useful life. Intangible assets are amortised over their useful lives (in general between 20 and 35 years), i.e. the period during which it is estimated they will generate income, using the straight-line method, except where the application of the pattern of consumption of future economic benefits more faithfully reflects their amortisation.

d) Property, plant and equipment and investment property

Property, plant and equipment and investment property are recognised at cost (revalued, where appropriate, in accordance with various legal provisions pre-dating the transition to IFRSs), less any accumulated depreciation and any recognised impairment loss. Also, the cost of property, plant and equipment includes the estimated present value of the costs of dismantling and removing the related items and, in cases where these non-current assets have been acquired through business combinations as explained in Note 3-b, they are initially recognised at their acquisition-date fair values.

Group work on non-current assets is measured at production cost.

Upkeep and maintenance expenses not leading to a lengthening of the useful life or to an increase in the production capacity of the related assets are recognised in profit or loss as incurred.

When the construction and start-up of non-current assets require a substantial period of time, the borrowing costs accrued over that period are capitalised.

Property, plant and equipment are depreciated by the straight-line method at annual rates based on the following years of estimated useful life:

Investment property	75
Natural resources and buildings	25-50
Plant, machinery and transport equipment	5-30
Furniture and tools	7-12
Computer hardware	4
Other items of property, plant and equipment	5-10

However, certain contracts have terms shorter than the useful life of the related fixed assets, in which case they are depreciated over the contract term.

The residual value, useful life and depreciation method applied to the Group's assets are reviewed periodically to ensure that the depreciation method used reflects the pattern in which the economic benefits arising from operating the property, plant and equipment and investment property are consumed. This review takes the form of an in-situ assessment and technical analysis, based on the current conditions of the assets, and the remaining useful life of each asset is estimated on the basis of its capacity to continue to perform the functions for which it was designed. Subsequently, these internal analyses are confirmed by checking them with non-Group third parties, such as manufacturers, installers, etc.

The Group companies assess regularly, at least at the end of each reporting period, whether there is any indication that an item or group of items of property, plant and equipment is impaired so that, as indicated in Note 3-e, an impairment loss can be recognised or reversed in order to adjust the carrying amount of the assets to their value in use. Under no circumstances may the reversals exceed the impairment losses previously recognised.

e) Impairment of intangible assets, property, plant and equipment and investment property

Intangible assets with finite useful lives, property, plant and equipment and investment property are tested for impairment when there is an indication that the assets might have become impaired, in order to adjust their carrying amount to their value in use (if this is lower).

Goodwill and intangible assets with indefinite useful lives must be tested for impairment at least once a year in order to recognise possible impairment losses.

Impairment losses recognised in prior years on assets other than goodwill may be reversed if the estimates used in the impairment tests show a recovery in the value of these assets. The carrying amount of the assets whose recoverable amount increases must in no case exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

The recognition or reversal of impairment losses on assets is charged or credited to income under “Impairment and Gains or Losses on Disposals of Non-Current Assets”.

To determine the recoverable amount of the assets tested for impairment, an estimate is made of the present value of the net cash flows arising from the cash-generating units (CGUs) to which the assets belong, except for cash inflows and outflows from financing activities and income tax payments, and the cash inflows and outflows arising from scheduled future improvements or enhancements of the assets of these cash-generating units. To discount the cash flows, a pre-tax discount rate is applied that reflects current market assessments of the time value of money and the risks specific to each cash-generating unit.

The estimated cash flows are obtained from projections prepared by management of each CGU, which in general cover periods of five years, except when the characteristics of the business advise longer periods, and include growth rates based on the various approved business plans (which are reviewed periodically), considering zero

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growth rates for the years after those covered by the business plans. In addition, it should be noted that sensitivity analyses are conducted in relation to revenue growth, operating margins and discount rates in order to forecast the impact of future changes on these variables.

Flows from CGUs located abroad are calculated in the functional currency of these cash-generating units and are discounted using discount rates that take into consideration the risk premiums relating to each currency. The present value of the net flows thus obtained is translated to euros at the year-end exchange rate applicable to each currency.

f) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

f.1) Finance leases

In finance leases, the Group acts solely as the lessee. In the accompanying consolidated balance sheet the Group recognises the cost of the leased assets and, simultaneously, recognises a liability for the same amount. This amount is the lower of the fair value of the leased asset and the present value, at the inception of the lease, of the agreed minimum lease payments, including the price of the purchase option when it is reasonably certain that it will be exercised. The minimum lease payments do not include contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor. The total finance charges arising under the lease are allocated to the income statement for the year in which they are incurred using the effective interest method. Contingent rent is recognised as an expense for the year in which it is incurred.

On expiry of the leases, the Group companies exercise the purchase option and the lease arrangements do not impose any restrictions concerning exercise of this option. Also, the lease agreements do not contain any renewal, review or escalation clauses.

Assets held under finance leases are depreciated using the criteria detailed in sections a), c) and d) of this Note.

f.2) Operating leases

When the Group acts as the lessee, it charges the expenses from operating leases to income on an accrual basis.

When the Group acts as the lessor, lease income and expenses from operating leases are recognised in income on an accrual basis.

A payment made on entering into or acquiring a leasehold that is accounted for as an operating lease represents prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

g) Investments accounted for using the equity method

Investments in jointly controlled entities and associates are initially recognised at acquisition cost and are subsequently revalued to take into account the share of the results of these companies not distributed in the form of dividends. Also, the value of the investments is adjusted to reflect the proportion of the changes in these companies' equity that were not recognised in their profit or loss. These changes include most notably translation differences and the adjustments arising from changes in the fair value of the cash flow hedges arranged by the companies.

Whenever there are signs of impairment, the Group makes the necessary valuation adjustments.

h) Financial assets

Financial assets are initially recognised at fair value, which generally coincides with their acquisition cost, adjusted by the transaction costs directly attributable thereto, except in the case of held-for-trading financial assets, whose transactions costs are charged to profit or loss for the year.

All acquisitions and sales of financial assets are recognised at the transaction date.

The financial assets held by the Group companies are classified as follows:

- **Held-for-trading financial assets** are assets acquired with the intention of realising them at short term based on fluctuations in their prices. These assets, which are expected to mature within 12 months, are included under "Other Current Financial Assets" in the accompanying consolidated balance sheet.
  Held-for-trading financial assets which, when arranged, mature within three months or less and whose realisation is not expected to give rise to significant costs are included under "Cash and Cash Equivalents" in the accompanying consolidated balance sheet. These assets are considered to be investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and therefore relate basically to very short-term, highly liquid investments with a high turnover.
- **Held-to-maturity investments** are financial assets with fixed or determinable payments and fixed maturity. Those maturing within no more than 12 months are classified as current assets and those maturing within more than 12 months as non-current assets.
- **Loans and receivables** maturing within no more than 12 months are classified as current items and those maturing within more than 12 months as non-current items. This category includes collection rights arising from the application of IFRIC 12 "Service Concession Arrangements" as detailed in Note 3-a.
- **Available-for-sale financial assets** are securities acquired that are not held for trading purposes and are not classified as held-to-maturity investments. They are classified as non-current in the accompanying consolidated balance sheet since it is intended to hold them at long term.

The held-for-trading and available-for-sale financial assets were measured at their fair value at the reporting date. The fair value of a financial instrument is taken to be the amount for which it could be bought or sold by two knowledgeable, willing and experienced parties in an arm's length transaction.

In the case of held-for-trading financial assets, the gains or losses arising from changes in fair value are recognised in net profit or loss for the year whereas in the case of available-for-sale financial assets, they are recognised in equity until the asset is disposed of, at which time the cumulative gains previously recognised in equity are recognised in profit or loss for the year, or it is determined that it has become impaired, at which time, once the cumulative gains previously recognised in equity have been written off, the loss is recognised in the consolidated income statement.

Collection rights arising from a service concession arrangement are measured in accordance with the criteria detailed in Note 3-a.

Held-to-maturity investments, credit, loans and receivables originated by the Group are measured at the lower of amortised cost, i.e. the initial cost minus principal repayments plus the uncollected interest accrued on the basis of the effective interest rate, and market value. The effective interest rate is the rate that exactly matches the initial cost of the investment to all its estimated cash flows of all kinds through its residual life. Where appropriate, if there are signs that these financial assets have become impaired, the necessary valuation adjustments are made.

Trade receivables arising in the Group's normal business activities are stated at their nominal value, reduced by the amounts considered to be non-recoverable.

The Group companies assign trade receivables to banks, without the possibility of recourse against them in the event of non-payment. These transactions bear interest at market rates and the Group companies continue to manage collection of the receivables.

Also, certain future collection rights arising from construction project contracts awarded under the lump-sum payment system were sold.

Through the sale and assignment of these collection rights, substantially all the risks and rewards associated with the receivables, as well as control over the receivables, were transferred, since no repurchase agreements have been entered into between the Group companies and the banks that have acquired the assets, and the banks may freely dispose of the acquired assets without the Group companies being able to limit this right in any manner. Consequently, in accordance with IFRSs, the Group derecognises the balances of receivables assigned or sold on the terms indicated above.

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i) Non-current assets classified as held for sale and liabilities associated with non-current assets classified as held for sale and discontinued operations

Assets and liabilities whose carrying amount is recovered through a sale transaction rather than through continuing use are classified as non-current assets held for sale and liabilities associated with non-current assets classified as held for sale. This condition is regarded as met only when the sale is highly probable, the asset is available for immediate sale in its present condition and the sale is expected to be completed within one year from the date of classification.

Non-current assets classified as held for sale and liabilities associated with non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Discontinued operations represent Group components that are intended to be sold or disposed of by any other means, or are classified as held for sale. These components comprise operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group and represent separate lines of business or geographical areas of operations.

j) Inventories

Inventories are stated at average acquisition or production cost and the necessary valuation adjustments are made to reduce the carrying amount to net realisable value, if this is lower.

Assets received in payment of loans, located mainly in the FCC Construcción subgroup (in exchange for construction work performed or to be performed), are measured at the lowest of the following three values: the amount at which the loan relating to the asset was recognised, production cost and net realisable value.

k) Foreign currency

k.1) Translation differences

In general, the financial statements of foreign subsidiaries denominated in currencies other than the euro were translated to euros at the closing rates, with the exception of:

- Share capital and reserves, which were translated at historical exchange rates.
- The income statement items of foreign operations, which were translated at the average exchange rates for the period.

Translation differences arising at the consolidated foreign companies through application of the year-end exchange rate method are included, net of taxes, in equity in the accompanying consolidated balance sheet, as shown in the accompanying consolidated statement of changes in equity.

k.2) Exchange differences

Balances receivable and payable in foreign currencies are translated to euros at the exchange rates prevailing at the date of the consolidated balance sheet, and the differences that arise are taken to income.

The differences resulting from fluctuations in exchange rates between the date on which the collection or payment was made and the date on which the transactions took place or their value was discounted are allocated to profit or loss.

Also, the exchange differences arising in relation to the financing of investments in foreign companies (in which the investment and the financing are denominated in the same currency) are recognised directly in equity as translation differences that offset the effect of the difference arising from the translation to euros of the foreign investee.

l) Equity instruments

Equity or capital instruments are recognised at the proceeds received, net of direct issue costs.

The treasury shares acquired by the Parent and the wholly-owned subsidiary Asesoría Financiera y de Gestión, S.A. are recognised at the amount of the consideration paid and are deducted directly from equity. Gains and losses on the acquisition, sale, issue or retirement of treasury shares are recognised directly in equity and in no case are they recognised in profit or loss.

The Group currently has in force a remuneration scheme for its executive directors and executive personnel, linked to the value of the Parent's share. This scheme is described in Note 19 "Share-based Payment Transactions".

m) Grants

Grants are recognised according to their nature.

m.1) Grants related to assets

Grants related to assets are grants which involve the acquisition or construction of assets. These grants are measured at the amount received or the fair value of the asset received; they are recognised as deferred income on the liability side of the accompanying consolidated balance sheet and are recognised in profit or loss as the asset or assets to which they relate are depreciated.

m.2) Grants related to income

Grants related to income are different from those described above in that they do not relate directly to an asset or group of assets. These grants are accounted for as operating income for the amount received when awarded, unless they are received to finance specific expenses, in which case they are recognised in profit or loss as the related expenses are incurred.

n) Provisions

The Group companies recognise provisions on the liability side of the accompanying consolidated balance sheet for present obligations arising from past events which the companies consider will probably require an outflow of resources embodying economic benefits to settle them on maturity.

These provisions are recognised when the related obligation arises and the amount recognised is the best estimate at the date of the accompanying consolidated financial statements of the present value of the future expenditure required to settle the obligation. The change in the year relating to the discount to present value is recognised as interest cost in the consolidated income statement.

Provisions for dismantling, removal or rehabilitation and environmental provisions are recognised by increasing the value of the related asset by the present value of the expenses that will be incurred when operation of the asset ceases. The impact on profit or loss arises when the asset concerned is depreciated (as described in previous sections of this Note) and when the provisions are discounted to present value (as described in the preceding paragraph).

Provisions are classified as current or non-current in the accompanying consolidated balance sheet on the basis of the estimated maturity date of the obligation covered by them, and non-current provisions are considered to be those whose estimated maturity date exceeds the average cycle of the activity giving rise to the provision.

o) Financial liabilities

Financial liabilities are initially recognised at the fair value of the consideration received, adjusted by the directly attributable transaction costs. These liabilities are subsequently measured at amortised cost.

Borrowing costs are recognised on an accrual basis in the consolidated income statement using the effective interest method and are added to the amount of the financial instrument to the extent that they are not settled in the year in which they arise.

Bank borrowings and other current and non-current financial liabilities maturing within no more than 12 months from the balance sheet date are classified as current liabilities and those maturing within more than 12 months as non-current liabilities.

p) Financial derivatives and hedge accounting

A financial derivative is a financial instrument or other contract whose value varies in response to changes in certain variables, such as an interest rate, financial instrument price, foreign exchange rate, credit rating or credit index or any other variable, which may be of a non-financial nature.

Apart from giving rise to gains or losses, financial derivatives may, under certain conditions, fully or partially offset foreign currency or

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interest rate risks or risks relating to the value associated with balances and transactions. Hedges are accounted for as follows:

- Fair value hedges: in this case, the changes in fair value of the hedging instrument are recognised in profit or loss and offset the changes in fair value of the hedged item.
- Cash flow hedges: in hedges of this type, the changes in value of the hedging instrument are recognised provisionally in equity and are taken to income when the hedged item materialises.
- Hedges of a net investment in a foreign operation: hedges of this type are aimed at covering foreign currency risk and are accounted for similarly to cash flow hedges.

Pursuant to IAS 39, "Financial Instruments: Recognition and Measurement", in order to qualify for hedge accounting, a financial derivative must meet the following requirements:

- Formal designation and documentation, at inception of the hedge, of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge.
- Documentation identifying the hedged item, the hedging instrument and the nature of the risk being hedged.
- Prospective (analytical) evidence of the effectiveness of the hedge.
- Objective and verifiable ex-post measurements.

In order to be classified as a hedging instrument, the derivative must undergo an effectiveness test. These effectiveness tests are adapted to the type of hedge and the nature of the instruments used:

- In cash flow hedges it is first verified that the critical terms of the hedging instrument and the hedged asset or liability – amounts, maturities, repayments, reference indices, review dates, etc. – are all the same.

  In the case of interest rate swaps (IRSs) in which the FCC Group receives a floating rate equal to that of the hedged borrowings and pays a fixed rate, since the objective is to reduce the variability of the borrowing costs, the effectiveness test estimates the changes in these annualised costs both in the original borrowings and in the portfolio that combines these borrowings with the hedging instrument. A hedge is considered to be fully effective when it achieves a reduction of at least 80% in the original variance of flows, i.e. when the instrument used reduces the variability of the flows by 80% or more. If this is not the case, the derivative is not classified as a hedge and its changes in value are recognised in profit or loss.

  For cash flow hedges in which the derivative hedging instrument is not an IRS but an interest rate cap option, the reduction in the variance of costs is taken into consideration only if the hedge is "activated", i.e. if the reference rates fall within the hedged variability range. The methodology applied once the hedge has been activated is the same as that used to test the effectiveness of IRSs.

- The effectiveness test of fair value hedges -arranged using IRSs- is based on the comparison of the changes in the fair value of the hedged position and of the hedging instrument. The assessment of the effectiveness of this type of hedge is performed by isolating the effects of the credit risk of the liability and the change in value of the variable leg of the IRS, which does not affect the ultimate objective of the hedge but may give rise to apparent ineffectiveness due to the interest accrued at each date.

Although certain hedging instruments are not recognised as hedges, this is only for accounting purposes since for financial and management purposes all the hedges arranged by the FCC Group have, at inception, an underlying financial transaction and the sole purpose of hedging such transaction.

Derivatives do not qualify for hedge accounting if the hedge fails the effectiveness test, which requires the changes in the fair value or in the cash flows of the hedged item directly attributable to the hedged risk to be offset by changes in the fair value or in the cash flows of the hedging instrument within a range of 80% to 120%. When this does not occur, the changes in value are recognised in profit or loss.

Changes in the fair value of financial derivatives that do not qualify for hedge accounting are recognised in the income statement as they arise.

The financial derivatives are measured by experts on the subject that are independent from the Group and the entities financing it. The related values are calculated using methods and techniques defined on the basis of observable market inputs. For example:

- The IRSs were measured by discounting all the flows envisaged in each contract on the basis of its characteristics, such as the notional amount and the collection and payment schedule. This measurement was made using the zero-coupon yield curve determined by employing a bootstrapping process for the deposits and swaps traded at any given time. This zero-coupon yield curve was used to obtain the discount factors for the measurements, which were made assuming the absence of arbitrage opportunity (AAO). When there were caps and floors or combinations thereof, on occasions conditional upon special conditions being met, the interest rates used were the same as those used for the swaps, although in order to introduce the component of randomness in the exercise of the options, the generally accepted Black-Scholes model was used.
- In the case of a cash flow hedging derivative tied to inflation, the method used is very similar to that applied to interest rate swaps. The projected inflation is estimated on the basis of the inflation included implicitly in the ex-tobacco European inflation-indexed swaps quoted on the market and is aligned with Spanish inflation by means of a convergence adjustment.

Furthermore, a sensitivity test is carried out on the derivatives and net financial debt in order to be able to analyse the effect that a possible fluctuation in interest rates might have on the Group's accounts, assuming a 50,100 and 125 basis-point increase and a 100, 75 and 50 basis-point decrease in the interest rates at year-end (see Note 31).

Note 24 to these consolidated financial statements details the financial derivatives that the Group has arranged and other matters related thereto.

q) Income tax

The income tax expense is calculated on the basis of consolidated profit before tax, increased or decreased, as appropriate, by the permanent differences between taxable profit and accounting profit. Based on the legislation applicable to each company, the corresponding tax rate is applied to this adjusted accounting profit. Any tax relief and tax credits earned in the year are then deducted and any positive or negative differences between the tax charge estimated for the previous year's accounting close and the amount of tax subsequently paid are added to or deducted from, respectively, the resulting tax charge.

The temporary differences between the accounting profit and the taxable profit for income tax purposes, together with the differences between the carrying amounts of assets and liabilities recognised in the consolidated balance sheet and their tax bases give rise to deferred taxes which are recognised as non-current assets and liabilities. These amounts are measured at the tax rates that are expected to apply in the years in which they will foreseeably reverse, and in no circumstances are they discounted to present value.

The Group capitalises the deferred tax assets arising from temporary differences and tax loss carryforwards, except for those with respect to which there are reasonable doubts as to their future recovery.

r) Pension obligations

The Group companies have certain specific pension plan and similar obligations, which are described in Note 26 to these consolidated financial statements.

s) Operating income and expenses

In construction activities, the Group recognises results by reference to the stage of completion, determined by measuring the construction work performed in the year and the construction costs, which are recognised on an accrual basis. It recognises the revenue corresponding to the selling price of the completed construction work covered by a principal contract entered into with the owners, or by amendments thereto approved by the owners, or the revenue with respect to which there is reasonable certainty regarding its recovery, since construction project revenue and costs are susceptible to substantial variations during the performance period which cannot be readily foreseen or objectively quantified. Budgeted losses are recognised as an expense in the income statement for the year.

The revenue and expenses of the other activities are recognised on an accrual basis, i.e. when the actual flow of the related goods and

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services occurs, regardless of when the resulting monetary or financial flow arises.

With regard to service concession arrangements, it should be noted that the FCC Group recognises as profit from operations the interest income arising from the receivables under the financial asset model, since the value of the financial asset includes both the construction services and the upkeep and maintenance services, which from an operational standpoint are identical to those represented by the intangible asset model and, consequently, it is considered that since both models relate to the operating activity of the Group, a fair representation is better achieved by including the income from the financial asset as profit from operations (see Note 3-a).

The gains or losses arising on disposals of ownership interests in subsidiaries are also recognised as profit or loss from operations when control of the subsidiaries is lost. Also, as indicated in Note 3-b above in relation to business combinations achieved in stages, the difference between the acquisition-date fair value of the previously held equity interest and the carrying amount of this equity interest is also recognised as profit or loss from operations.

The Group receives the CO_2 emission allowances for its cement business free of charge under the respective national allocation plans and it recognises the related income and expense flows when its sells its surplus allowances or purchases the allowances it requires.

t) Related party transactions

The Group performs all its transactions with related parties on an arm’s length basis.

Note 32 to these consolidated financial statements details the main transactions with the significant shareholders of the Parent, its directors and senior executives and between Group companies.

u) Use of estimates

In the Group's consolidated financial statements for 2011 and 2010, estimates were occasionally made in order to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The identification and the determination of the fair value of the assets and liabilities acquired in business combinations (see Note 5)
- The impairment losses on certain assets (see Notes 7, 8 and 9)
- The useful life of the intangible assets, property, plant and equipment and investment property (see Notes 7, 8 and 9)
- The measurement of goodwill (see Note 7)
- The amount of certain provisions (see Note 20)
- The assumptions used in the actuarial calculation of the post-employment benefit liabilities and obligations (see Notes 20 and 26)
- The fair value of derivatives (see Note 24)
- The recoverability of amounts to be billed for construction work performed (see Notes 3-s and 16)

Although these estimates were made on the basis of the best information available at the date of preparation of these consolidated financial statements on the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively, recognising the effects of the change in estimates in the related future financial statements.

4. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

In 2011 the Energy area of the FCC Group and the Japanese multinational Mitsui & Co. Ltd. entered into an alliance to cooperate in the development of combined heat and power and energy efficiency, renewable energies and the application of new waste-to-energy technologies, etc. Their union will give rise to strengths and synergies for new projects, and together they will develop and bolster the current value of the Group's activities in the energy sector. The alliance agreement will necessarily culminate in the participation of this new shareholder in a joint venture in which the FCC Group will have a 50% ownership interest.

On 10 November 2011, Cementos Portland Valderrivas announced, through a notice published by the Spanish National Securities Market Commission (CNMV), that it had put up for sale its subsidiary Giant Cement Holding, Inc., the company through which it has carried on its operations in the United States and Canada. Management of the Cementos Portland Valderrivas group is committed to a plan to sell this company and has initiated an active programme to locate a buyer.

Consequently, as established for such cases in IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the two business units were classified as "Non-Current Assets Classified as Held for Sale" and "Liabilities Associated with Non-Current Assets Classified as Held for Sale" in the accompanying consolidated balance sheet and as "Loss for the Year from Discontinued Operations, Net of Tax" in the consolidated income statement. Also pursuant to the applicable standards, for comparison purposes the relevant uniformity adjustments were made to the income statement and the statement of cash flows for 2010 (these adjustments did not apply to the balance sheet at 31 December 2010).

The detail of the loss after tax from discontinued operations shown in the accompanying consolidated income statement is as follows:

	2011	2010
Revenue	215,800	219,597
Operating expenses	(159,708)	(151,168)
Profit (loss) from operations	21,533	(4,210)
Loss before tax	(34,743)	(50,634)
Income tax	9,818	17,713
Loss for the year from discontinued operations, net of tax	(24,925)	(32,921)
Loss attributable to non-controlling interests of discontinued operations, net of tax	(5,291)	(6,357)

The statement of cash flows relating to discontinued operations is as follows:

	2011	2010
Loss before tax from discontinued operations	(34,743)	(50,634)
Adjustments to loss	82,111	114,467
Changes in working capital	(25,603)	(23,358)
Other cash flows from operating activities	(3,934)	2,775
Cash flows from operating activities	17,831	43,250
Payments due to investment	(171,043)	(57,248)
Proceeds from disposal	20,811	1,538
Other cash flows from investing activities	2,884	(1,036)
Cash flows from investing activities	(147,348)	(56,746)
Proceeds and (payments) relating to equity instruments	3,730	11,123
Proceeds and (payments) relating to financial liability instruments	113,414	(18,689)
Other cash flows from financing activities	(18,277)	(23,984)
Cash flows from financing activities	98,867	(31,550)
	(30,650)	(45,046)

Also, in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", following is a detail of the various assets and liabilities reclassified as held for sale, as a result of discontinued operations, under the respective headings in the accompanying consolidated balance sheet.

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	2011
Property, plant and equipment	1,127,041
Intangible assets	445,691
Financial assets	8,224
Deferred tax assets	103,695
Other non-current assets	3,638
Current assets	158,682
Assets classified as held for sale in relation to discontinued operations	1,846,971
Non-current financial liabilities	970,734
Other non-current liabilities	206,091
Current financial liabilities	177,931
Other current liabilities	41,897
Liabilities associated with assets classified as held for sale in relation to discontinued operations	1,396,653

In addition, it should be noted that at 31 December 2011 the Giant Cement Holding group had failed to achieve certain ratios stipulated in the financing agreements entered into with various banks and, therefore, this financing was reclassified to current liabilities. The balance outstanding of the financial debt relating to the Giant Cement Holding group at 31 December 2011, included under "Liabilities Associated with Non-Current Assets Classified as Held for Sale" as a result of discontinued operations, was EUR 238,175 thousand. Of this debt, EUR 226,227 thousand are guaranteed by Cementos Portland Valderrivas, S.A. and other companies in the cement group.

5. CHANGES IN THE SCOPE OF CONSOLIDATION

No noteworthy acquisitions took place either in 2011 or in 2010 and, consequently, there were no significant changes in the scope of consolidation of the FCC Group in this connection.

However, the most notable exclusions from the scope of consolidation were, in 2011, the sale of the regulated parking management company Estacionamientos y Servicios, S.A. for EUR 84 million (see Note 28-d) and, in 2010, the sale of the vehicle roadworthiness testing businesses owned by the Group in Spain and Argentina for approximately EUR 180 million.

6. DISTRIBUTION OF PROFIT

In 2011 the FCC Group paid dividends totalling EUR 173,191 thousand (2010: EUR 201,236 thousand), as shown in the accompanying consolidated statement of cash flows, the detail being as follows:

	2011	2010
Shareholders of Fomento de Construcciones y Contratas, S.A.	164,115	169,147
Non-controlling interests of the Grupo Cementos Portland Valderrivas	5,251	28,909
Other non-controlling interests of the other companies	3,825	3,180
	173,191	201,236

At the Annual General Meeting of Fomento de Construcciones y Contratas, S.A. held on 1 June 2011, the shareholders approved the distribution of the profit for 2010 through a total dividend of EUR 1.43 gross per share. The shareholders of Fomento de Construcciones y Contratas, S.A. received this remuneration through the payment of an interim dividend in January 2011 equal to 71.5% gross of the par value of the shares, i.e. EUR 0,715 per share (2010: same amount per share) and the payment of a final dividend in July 2011 equal to 71.5% gross of the par value of the shares, i.e. EUR 0,715 per share (2010: same amount per share).

On 15 December 2011, it was resolved to distribute to the shareholders of Fomento de Construcciones y Contratas, S.A. an interim dividend out of the profit for the year equal to 65% gross of the par value of the shares, i.e. EUR 0,650 per share. The total amount of this dividend, EUR 80,616 thousand, was paid on or after 10 January 2012 on the outstanding shares carrying dividend rights (see Note 21-d).

In addition, to complete the dividend out of the profit for 2011, the Parent of the FCC Group, Fomento de Construcciones y Contratas, S.A., will propose for approval by the shareholders at the Annual General

Meeting the distribution of a final dividend of EUR 0,650 per share which, together with the aforementioned interim dividend, gives a total dividend of EUR 1.30 per share.

7. INTANGIBLE ASSETS

The detail of the carrying amount of intangible assets at 31 December 2011 and 2010 is as follows:

	Cost	Accumulated amortisation	Impairment	Carrying amount
2011				
Concessions (Note 11)	1,447,171	(420,044)	(4,393)	1,022,734
Goodwill	2,659,928	—	(307,616)	2,352,312
Other intangible assets	1,497,625	(552,069)	(3,573)	941,983
	5,604,724	(972,113)	(315,582)	4,317,029
2010				
Concessions (Note 11)	1,465,354	(421,124)	(3,362)	1,040,868
Goodwill	2,663,382	—	(49,632)	2,613,750
Other intangible assets	1,958,450	(547,550)	(1,837)	1,409,063
	6,087,186	(968,674)	(54,831)	5,063,681

a) Concessions

"Concessions" includes the intangible assets relating to the service concession arrangements (see Note 11).

The changes in "Concessions" in the consolidated balance sheet in 2011 and 2010 were as follows:

	Concessions	Accumulated amortisation	Impairment
Balance at 31/12/09	1,349,733	(386,841)	(1,137)
Additions or charge for the year	162,350	(43,410)	(2,127)
Disposals or reductions	(68,811)	13,767	—
Changes in the scope of consolidation, translation differences and other changes	(7,668)	50	(200)
Transfers	29,750	(4,690)	102
Balance at 31/12/10	1,465,354	(421,124)	(3,362)
Additions or charge for the year	114,067	(51,924)	(1,031)
Disposals or reductions	(21,857)	6,534	—
Changes in the scope of consolidation, translation differences and other changes	(37,020)	4,524	—
Transfers	(73,373)	41,946	—
Balance at 31/12/11	1,447,171	(420,044)	(4,393)

The most significant additions in 2011 related to the companies Aqualia Gestión Integral del Agua, S.A. (EUR 22,086 thousand), Concesionaria Túnel Coatzacoalcos, S.A. (EUR 35,865 thousand) and Autovía Conquense, S.A. (EUR 23,827 thousand) and those in 2010 related to Aqualia Gestión Integral del Agua, S.A. (EUR 65,994 thousand), Cartagua Aguas do Cartaxo, S.A. (EUR 23,000 thousand) and Autovía Conquense, S.A. (EUR 22,410 thousand).

The disposals in 2011 related to Estacionamientos y Servicios, S.A. (EUR 14,061 thousand) and Aqualia Gestión Integral del Agua, S.A. (EUR 6,424 thousand). The most notable disposals in 2010 were those relating to the sale for EUR 65,752 thousand of a portion of the underground parking spaces managed by Estacionamientos y Servicios, S.A. This transaction formed part of the sale agreement entered into with an insurance company in 2010 whereby 31 car parks with a total of 10,500 parking spaces were transferred for EUR 120 million (see Note 28-d).

"Changes in the Scope of Consolidation, Translation Differences and Other Changes" in 2011 includes most notably the reduction of EUR 46,768 thousand relating to the exclusion of Estacionamientos y Servicios, S.A. from the scope of consolidation (see Note 5) and the effect of the depreciation of the Mexican peso against the euro, which gave rise to a decrease of EUR 8,485 thousand at Túnel de Coatzacoalcos. The most noteworthy changes in 2010 were the reduction of EUR 25,138 thousand relating to the change in consolidation method of Tranvía de Murcia, which was accounted for using the equity method in that year (see Note 12) and the effect of the appreciation of the Mexican peso against the euro, which gave rise to an increase of EUR 9,410 thousand at Túnel de Coatzacoalcos.

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The borrowing costs capitalised in 2011 amounted to EUR 2,248 thousand (2010: EUR 7,809 thousand) and accumulated capitalised borrowing costs amounted to EUR 21,291 thousand (2010: EUR 21,143 thousand).

b) Goodwill

The changes in goodwill in the accompanying consolidated balance sheet in 2011 and 2010 were as follows:

Balance at 31/12/09		2,615,300
Changes in the scope of consolidation, translation differences and other changes		
Waste Recycling Group	22,061	
Other	(6,611)	15,450
Impairment losses		
Flightcare Italia, SpA	(17,000)	(17,000)
Balance at 31/12/10		2,613,750
Changes in the scope of consolidation, translation differences and other changes		
Waste Recycling Group	21,815	
Other	2,846	24,661
Reclassifications to assets held for sale		
Giant Cement Holding, Inc. (Note 4)	(26,682)	(26,682)
Impairment losses		
Corporación Uniland Group	(239,026)	
Cementos Lemona Group	(14,499)	
Other	(5,892)	(259,417)
Balance at 31/12/11		2,352,312

The most significant change in 2011 was due to the impairment of goodwill, mainly of the cement business, including most notably that of the Corporación Uniland and Cementos Lemona groups as a result of the sharp contraction in recent years of the cement industry, whose recovery is not expected to take place in the short or medium term.

"Changes in the Scope of Consolidation, Translation Differences and Other Changes" in 2011 includes most notably the effect of the appreciation of the pound sterling against the euro, which gave rise to an increase of EUR 21,815 thousand (2010: EUR 22,061 thousand) in the goodwill associated with the UK WRG group, the balance of which upon inclusion in the Group amounted to EUR 875,173 thousand.

The breakdown of goodwill in the accompanying consolidated balance sheet at 31 December 2011 and 2010 is as follows:

	2011	2010
Waste Recycling Group	737,759	715,945
Corporación Uniland Group	586,831	825,857
Alpine Bau Group	270,655	269,665
Cementos Portland Valderrivas, S.A.	226,269	226,269
A.S.A. Group	137,947	138,145
Aqualia Gestión Integral del Agua, S.A.	80,410	80,410
FCC Logística Group	58,956	58,956
Cementos Lemona Group	56,230	70,729
FCC Environmental LLC	51,446	49,815
Ekonor Group	43,141	43,027
Giant Cement Holding, Inc.	—	26,682
Marepa Group	20,247	20,247
FCC Servicios Industriales y Energéticos, S.A.	21,499	20,228
Tratamientos y Recuperaciones Industriales, S.A.	9,860	9,860
FCC Construcción de Centroamérica Group	8,460	8,460
Flightcare Belgium Naamloze Vennootschap	5,503	5,503
International Petroleum Corp,of Delaware	5,608	5,430
Canteras de Aláiz, S.A.	4,332	4,332
Flightcare Italia, SpA	4,220	4,220
Gonzalo Mateo Group	3,859	3,859
Cementos Alfa, S.A.	3,712	3,712
Áridos y Premezclados, S.A. Unipersonal	—	3,704
Flightcare, S.L.	3,116	3,116
Other	12,252	15,579
	2,352,312	2,613,750

Following is a description of the main estimates and sensitivity tests performed in the impairment tests on goodwill.

- Corporación Uniland Group. The production and sales assumptions were based on the volume of cement consumption in Spain for 2011 estimated by Oficemen on the date of the impairment test, i.e. approximately 20 million tonnes, and on the actual sales at that date. The projections used in the 2011 impairment test were based on a sales and production volume estimated by independent sources on the test date, similar to the actual consumption indicated by Oficemen for 2011. These estimates pointed to a continued contraction of the market in the short term, followed by a recovery in the medium and long term. Estimates for the medium and long term were made mainly by reference to the independent report entitled "World Cement to 2025. Country by Country Forecast of Cement Supply & Demand" published by Ocean Shipping Consultants Ltd, London. In view of the characteristics of the business and its cycle, a ten-year time horizon was considered, and the estimated cash flows were discounted using a discount rate of 7.77%. A zero growth rate was used to calculate perpetual return. The impairment test showed that the recoverable amount of the cash-generating unit was less than its carrying amount and, therefore, resulted in the recognition of an impairment loss of EUR 239,026 thousand.

- Waste Recycling Group. The assumptions used to estimate cash flows include a certain recovery in income for the coming four years. At the same time, they consider a decrease in the gross operating margin and the continuation of investments until 2014. There is also expected to be a change in the composition of revenue from waste treatment services:
  - On the one hand, a downward trend is observed in the direct landfill business, consisting mainly of the direct operation of landfills, as a result of the economic crisis and the introduction of new waste treatment technologies.
  - On the other hand, this decline is offset by the development of the aforementioned new technologies, which will generate income from, inter alia, recycling, the sale of waste by-products, waste composting, the extension of the incineration facilities and low-radioactive waste disposal, as well as an increase in the currently incipient activities for the use of the land on which the landfills are located, such as the installation of wind turbines and the expected enhanced performance of the Allington incinerator (although it is not expected to reach full operating capacity), as a direct result of the changes to its operation and maintenance procedures (since its start-up in 2008 this facility has not achieved stable full-capacity operation).

  In view of the structural characteristics of this business and the long useful lives of its assets, a ten-year time horizon was considered and the estimated cash flows were discounted using a discount rate equal to the weighted average cost of capital for the industry and country. As a result of all the above considerations, it was estimated that revenue would grow in the period from 2012 to 2015, as has already occurred in 2011. As regards the gross operating margin, a decline is observed with respect to that obtained in prior years, as a result of the commencement of new business activities. A zero growth rate was considered in calculating perpetual income. Current cash flow projections would withstand increases of around 35 basis points in the discount rate and a fall of more than 8% in the amount of the cash flows before impairment losses were incurred.

- Alpine Bau Group. It should be noted that the main assumptions used forecast decreases in revenue of around 3-4.5%, together with slight improvements in the gross operating margin, for the period from 2013 to 2015, as a result of the change in the business strategy, which is now focused on improving profitability through a more appropriate selection of contracts. In this case the discount rate used was 6.15%. A zero growth rate was used to calculate perpetual return. Current cash flow projections would withstand increases of around 190 basis points in the discount rate and a fall of more than 25% in the amount of the cash flows before impairment losses were incurred.

- Cementos Portland Valderrivas, S.A. The goodwill recognised for this group, amounting to EUR 226,269 thousand, comprises two separately identifiable items of goodwill: the goodwill of EUR 113,505 thousand recognised in the separate books of Cementos Portland Valderrivas, S.A. relating to the cash-generating unit (CGU) consisting of the Alcalá de Guadaira plant, and the goodwill of EUR 112,764 thousand generated by the successive acquisitions by FCC, S.A. (the Parent of the Group) of additional ownership interests in Cementos Portland (in turn, the parent of the cement business) prior to the entry into force of the current version of IFRS 3, with respect to which the CGU to be considered, therefore, is the entire business activity

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of the Cementos Portland Valderrivas group, and this policy has been applied on an ongoing basis since the entry into force of IFRS 3 (2005).

The cash flows corresponding to the Alcalá de Guadaira CGU were calculated using assumptions consistent with those employed for Uniland, which were adapted to the particular circumstances of this CGU. More specifically, the projected future revenue growth considered a future volume of cement consumption based on external third-party reports together with the best estimates of Group commercial management, while future prices were estimated on the basis of knowledge of the market in the geographic area in which the unit operates. In view of the features and cycle of the cement business, the projections considered a ten-year time horizon and a 7.77% discount rate. Also, a zero growth rate was used to calculate perpetual return. The current projections would withstand an increase of more than 250 basis points in the discount rate and a fall of more than 25% in the present value of the cash flows.

As regards the goodwill associated with the CGU consisting of the entire cement business, it should be noted that if we consider only the sum of the present values of the cash flows for the CGUs tested for impairment because goodwill had been allocated to them, discounted at a rate of 7.77%, such as Uniland, the Alcalá de Guadaira plant, Cementos Lemona, Giant, etc., this sum exceeds the carrying amount of the total cement business and, therefore, there is no impairment. If the cash flows relating to the entire cement business were taken into consideration, the excess of recoverable amount over carrying amount would be even greater.

c) Other intangible assets

The changes in "Other Intangible Assets" in the consolidated balance sheet in 2011 and 2010 were as follows:

	Other intangible assets	Accumulated amortisation	Impairment
Balance at 31/12/09	1,897,946	(465,487)	(237)
Additions or charge for the year	34,862	(105,186)	(1,799)
Disposals or reductions	(12,336)	10,041	—
Changes in the scope of consolidation, translation differences and other changes	36,493	13,810	199
Transfers	1,485	(728)	—
Balance at 31/12/10	1,958,450	(547,550)	(1,837)
Additions or charge for the year	52,272	(97,451)	(1,736)
Disposals or reductions	(13,114)	11,353	—
Reclassifications to assets held for sale (Note 4)	(507,260)	78,251	—
Changes in the scope of consolidation, translation differences	12,750	528	—
Transfers	(5,473)	2,800	—
Balance at 31/12/11	1,497,625	(552,069)	(3,573)

"Other Intangible Assets" includes the operating rights of the street furniture contracts, most notably the New York contract, the net amount of which was EUR 435,344 thousand in 2011 (2010: EUR 452,082 thousand) (see Note 3-c).

"Reclassifications to Assets Held for Sale" includes the Giant Cement Holding group and the Energy area (see Note 4).

8. PROPERTY, PLANT AND EQUIPMENT

The detail of the carrying amount of property, plant and equipment at 31 December 2011 and 2010 is as follows:

	Cost	Accumulated depreciation	Impairment	Carrying amount
2011				
Land and buildings	**2,149,757**	**(634,281)**	**(35,230)**	**1,480,246**
Land and natural resources	778,874	(98,217)	(27,751)	652,906
Buildings for own use	1,370,883	(536,064)	(7,479)	827,340
Plant and other items of property, plant and equipment	**8,026,387**	**(4,879,365)**	**(25,355)**	**3,121,667**
Plant	4,420,300	(2,502,941)	(16,496)	1,900,863
Machinery and transport equipment	2,668,562	(1,801,647)	(6,992)	859,923
Property, plant and equipment the course of construction	116,056	—	—	116,056
Other property, plant and equipment	821,469	(574,777)	(1,867)	244,825
	10,176,144	(5,513,646)	(60,585)	4,601,913
2010				
Land and buildings	**2,322,684**	**(654,579)**	**(38,952)**	**1,629,153**
Land and natural resources	909,499	(91,706)	(37,681)	780,112
Buildings for own use	1,413,185	(562,873)	(1,271)	849,041
Plant and other items of property, plant and equipment	**9,030,024**	**(4,818,240)**	**(7,200)**	**4,204,584**
Plant	5,225,124	(2,530,955)	(4,966)	2,689,203
Machinery and transport equipment	2,727,517	(1,664,633)	(609)	1,062,275
Property, plant and equipment in the course of construction	175,031	—	—	175,031
Other property, plant and equipment	902,352	(622,652)	(1,625)	278,075
	11,352,708	(5,472,819)	(46,152)	5,833,737

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The changes in 2010 and 2011 in property, plant and equipment accounts were as follows:

	Land and natural resources	Buildings for own use	Land and buildings	Plant	Machinery and transport equipment	Property, plant and equipment in the course of construction	Other property, plant and equipment	Plant and other items of property, plant and equipment	Accumulated depreciation	Impairment
Balance at 31/12/09	875,388	1,398,598	2,273,986	4,860,102	2,661,993	344,567	892,974	8,759,636	(5,034,493)	(41,651)
Additions or charge for the year	18,050	24,203	42,253	31,239	146,540	153,902	45,131	376,812	(578,439)	(4,864)
Disposals or reductions	(6,428)	(35,726)	(42,154)	(24,759)	(142,953)	(4,535)	(51,057)	(223,304)	177,793	7,485
Changes in the scope of consolidation, translation differences and other changes	7,125	13,887	21,012	113,006	11,545	30,120	9,922	164,593	(45,038)	(7,122)
Transfers	15,364	12,223	27,587	245,536	50,392	(349,023)	5,382	(47,713)	7,358	—
Balance at 31/12/10	909,499	1,413,185	2,322,684	5,225,124	2,727,517	175,031	902,352	9,030,024	(5,472,819)	(46,152)
Additions or charge for the year	2,792	22,447	25,239	31,521	107,371	102,992	55,755	297,639	(495,469)	(47,756)
Disposals or reductions	(675)	(25,725)	(26,400)	(10,554)	(164,620)	(2,004)	(115,643)	(292,821)	240,934	145
Reclassifications to assets held for sale (Note 4)	(144,063)	(66,122)	(210,185)	(958,042)	(26,441)	(54,681)	(33,574)	(1,072,738)	262,678	29,934
Changes in the scope of consolidation, translation differences and other changes	(229)	(11,343)	(11,572)	70,919	(36,230)	(1,274)	(11,719)	21,696	11,840	1,058
Transfers	11,550	38,441	49,991	61,332	60,965	(104,008)	24,298	42,587	(60,810)	2,186
Balance at 31/12/11	778,874	1,370,883	2,149,757	4,420,300	2,668,562	116,056	821,469	8,026,387	(5,513,646)	(60,585)

The most significant "additions" in 2011 were the investments made for the performance of contracts in the Services business, mainly by Fomento de Construcciones y Contratas, S.A., amounting to EUR 55,860 thousand (2010: EUR 78,849 thousand) and those made in the Construction business, primarily by the Alpine Bau group, amounting to EUR 58,426 thousand (2010: EUR 62,862 thousand).

Impairment losses in 2011 included most notably EUR 41,642 thousand recognised in the cement business on non-current assets used in aggregate, mortar and concrete production plants that were shut down or had reported losses.

"Disposals or Reductions" includes disposals and inventory reductions relating to assets which, in general, have been depreciated substantially in full since they have reached the end of their useful lives. The most notable disposals in 2011 were those of the buildings situated at Federico Salmón, 13, in Madrid, and at Balmes, 36, in Barcelona, for a total amount, net of accumulated depreciation, of EUR 11,059 thousand. On the same date as the sale of these buildings, in which the Group's Central Services offices are located, an operating lease agreement was entered into for those offices (see Note 10).

"Reclassifications to Assets Held for Sale" in 2011 includes the assets of the Energy area and of Giant Cement Holding Inc., which were transferred because they are assets held for sale (see Note 4).

"Changes in the Scope of Consolidation, Translation Differences and Other Changes" in 2010 include most notably the effect of the appreciation of the pound sterling and the US dollar against the euro, which gave rise to an increase of EUR 82,918 thousand in the property, plant and equipment contributed by the WRG and Giant Cement groups.

The borrowing costs capitalised in 2011 amounted to EUR 834 thousand (2010: EUR 1,842 thousand) and accumulated capitalised borrowing costs amounted to EUR 39,810 thousand (2010: EUR 60,060 thousand).

The Group companies take out the insurance policies they consider necessary to cover the possible risks to which their property, plant and equipment are subject. At 2011 year-end, the Parent considered that the property, plant and equipment were fully insured.

Fully depreciated property, plant and equipment which, being in good working order, are used in production amounted to EUR 2,430,240 thousand at 31 December 2011 (31 December 2010: EUR 2,375,943 thousand).

Of the property, plant and equipment, net of accumulated depreciation, in the accompanying consolidated balance sheet, items located abroad, as indicated in Note 29, amounted to EUR 2,718,464 thousand at 31 December 2011 (31 December 2010: EUR 3,309,959 thousand).

Restrictions on title to assets

Of the total property, plant and equipment in the consolidated balance sheet at 31 December 2011, there are restrictions on title to assets amounting to EUR 1,183,753 thousand (31 December 2010: EUR 1,197,543 thousand), the detail being as follows:

	Cost	Accumulated depreciation	Carrying amount
2011			
Buildings, plant and equipment	2,383,170	(1,326,011)	1,057,159
Other items of property, plant and equipment	231,533	(104,939)	126,594
	2,614,703	(1,430,950)	1,183,753
2010			
Buildings, plant and equipment	2,313,516	(1,333,041)	980,475
Other items of property, plant and equipment	357,737	(140,669)	217,068
	2,671,253	(1,473,710)	1,197,543

The restrictions on title to the aforementioned assets arise from the finance lease agreements explained in Note 10 to these consolidated financial statements and also relate to the assets assigned to the operation of certain concession contracts.

Purchase commitments

In the course of their business activities, the Group companies had formalised property, plant and equipment purchase commitments amounting to EUR 4,219 thousand at 31 December 2011 (31 December 2010: EUR 4,520 thousand), the detail being as follows:

	2011	2010
Buildings for own use	170	1,182
Plant	963	722
Machinery and transport equipment	2,929	2,416
Other items of property, plant and equipment	157	200
	4,219	4,520

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9. INVESTMENT PROPERTY

"Investment Property" in the accompanying consolidated balance sheet reflects the net values of the land, buildings and other structures held either to earn rentals or, as the case may be, for capital appreciation.

The detail of "Investment Property" at 31 December 2011 and 2010 is as follows:

	Cost	Accumulated depreciation	Carrying amount
2011			
Investment property	38,123	(3,665)	34,458
	38,123	(3,665)	34,458
2010			
Investment property			
Torre Picasso	296,079	(60,636)	235,443
Other	26,510	(2,920)	23,590
	322,589	(63,556)	259,033

The detail of the changes in 2011 and 2010 is as follows:

	Torre Picasso	Other	Total
Balance at 31/12/09	238,197	25,896	264,093
Additions	1,243	2,862	4,105
Disposals	(2)	(228)	(230)
Depreciation and impairment charge	(3,995)	(223)	(4,218)
Changes in the scope of consolidation, translation differences and other changes	—	(91)	(91)
Transfers	—	(4,626)	(4,626)
Balance at 31/12/10	235,443	23,590	259,033
Additions	1,193	11,343	12,536
Disposals	(233,306)	(391)	(233,697)
Depreciation and impairment charge	(4,044)	(805)	(4,849)
Changes in the scope of consolidation, translation differences and other changes	936	711	1,647
Transfers	(222)	10	(212)
Balance at 31/12/11	—	34,458	34,458

The figures included in profit or loss for 2011 and 2010 relating to the operation of the Torre Picasso building were as follows:

	2011	2010
Rental income	25,350	25,371
Transfer of costs to tenants	7,249	7,184
Profit net of taxes	12,723	12,572

On 29 December 2011, the FCC Group sold the Torre Picasso building for EUR 400 million, giving rise to a gain of EUR 135,194 thousand net of costs to sell, which is recognised under "Impairment and Gains or Losses on Disposals of Non-Current Assets" in the accompanying consolidated income statement (see Note 28). As provided for in the sale agreement, the FCC Group undertook to settle the obligations assumed by it under the financing agreement entered into on 18 December 2009, amounting to EUR 250,000 thousand, and cancelled the mortgage that had been taken out on the building and the additional commitments securing the loan.

At 2011 year-end, the Group did not have any firm commitments to purchase or construct investment property.

10. LEASES

a) Finance leases

The detail of the finance leases in force at the end of 2011 and 2010 and of the related cash flows is as follows:

	Movable property	Real estate	Total
2011			
Carrying amount	153,635	18,835	172,470
Accumulated depreciation	79,095	4,337	83,432
Cost of the assets	232,730	23,172	255,902
Finance costs	18,925	9,024	27,949
Capitalised cost of the assets	251,655	32,196	283,851
Lease payments paid in prior years	(109,276)	(11,274)	(120,550)
Lease payments paid in the year	(59,484)	(289)	(59,773)
Lease payments outstanding, including purchase option	82,895	20,633	103,528
Unaccrued finance charges	(3,495)	(4,034)	(7,529)
Present value of lease payments outstanding, including purchase option (Note 21-c and -d)	79,400	16,599	95,999
Contract term (years)	2 to 5	10	
Value of purchase options	4,382	10,760	15,142
2010			
Carrying amount	195,802	19,321	215,123
Accumulated depreciation	95,281	3,929	99,210
Cost of the assets	291,083	23,250	314,333
Finance costs	29,283	8,765	38,048
Capitalised cost of the assets	320,366	32,015	352,381
Lease payments paid in prior years	(105,655)	(10,479)	(116,134)
Lease payments paid in the year	(70,474)	(522)	(70,996)
Lease payments outstanding, including purchase option	144,237	21,014	165,251
Unaccrued finance charges	(6,879)	(4,278)	(11,157)
Present value of lease payments outstanding, including purchase option (Note 21-c and -d)	137,358	16,736	154,094
Contract term (years)	2 to 5	10	
Value of purchase options	9,466	10,721	20,187

The detail, by maturity, of the total amount of the lease payments and of their present value at 31 December 2011 and 2010 is as follows:

	Within one year	Between one and five years	After five years	Total
2011				
Lease payments outstanding, including purchase option	48,870	43,796	10,862	103,528
Unaccrued finance charges	(3,554)	(3,185)	(790)	(7,529)
Present value of lease payments outstanding, including purchase option	45,316	40,611	10,072	95,999
2010				
Lease payments outstanding, including purchase option	77,376	78,415	9,460	165,251
Unaccrued finance charges	(5,224)	(5,294)	(639)	(11,157)
Present value of lease payments outstanding, including purchase option	72,152	73,121	8,821	154,094

The finance leases arranged by the Group companies do not include lease payments the amount of which must be determined on the basis of future economic events or indices and, accordingly, in 2011 no expense was incurred in connection with contingent rent.

b) Operating leases

The operating lease payments recognised as an expense by the Group as a lessee in the year ended 31 December 2011 amounted to EUR 355,818 thousand (31 December 2010: EUR 375,669 thousand). These payments relate mainly to machinery leased in the construction business and to buildings leased for use by the Group in all the activities carried on by it.

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The most noteworthy operating lease, due to its unique nature, is that entered into between the FCC Group and Hewlett Packard Servicios España, S.L. on 19 November 2010, through which the IT Infrastructure Operation Services were outsourced in order to improve efficiency and enable the Group to be more flexible and competitive on an international scale. This lease agreement, which is being applied and implemented from 2011 onwards, has a total cost of EUR 230,915 thousand and a term of seven years.

Also worthy of note is the lease agreement entered into between Fomento de Construcciones y Contratas, S.A. and the new owners of the buildings housing the offices of the FCC Group's Central Services, located at Federico Salmón 13, in Madrid and at Balmes 36, in Barcelona (see Note 8). On 29 December 2011, Fedemés, S.A., a wholly-owned investee of Fomento de Construcciones y Contratas, S.A. and owner of the aforementioned buildings, sold them for EUR 60,000 thousand. On that same date, the buyer company and Fomento de Construcciones y Contratas, S.A. entered into two operating lease agreements on the two buildings for a non-cancellable minimum term of 30 years, extendable at the Group's discretion by two five-year periods, with a combined annual rent of EUR 5,040 thousand, adjustable each year based on the CPI. The buyer, in turn, granted a purchase option to Fomento de Construcciones y Contratas, S.A., which can be exercised only at the end of the lease term at the higher of fair value and the CPI-adjusted selling price.

At 2011 year-end, the non-cancellable future payment obligations relating to operating leases for buildings, structures and IT infrastructure operation services amounted to EUR 931,748 thousand (2010: EUR 801,805 thousand). The detail, by maturity, of the non-cancellable future minimum payments at 31 December 2011 and 2010 is as follows:

	2011	2010
Within one year	169,562	148,815
Between one and five years	509,470	472,600
After five years	252,716	180,390
	931,748	801,805

It should be noted that substantially all the operating lease payments recognised as revenue by the Group as a lessor arose from the operation of the Torre Picasso building (see Note 9).

11. SERVICE CONCESSION ARRANGEMENTS

This Note presents an overview of the Group's investments in concession businesses, which are recognised in various headings on the asset side of the accompanying consolidated balance sheet.

The following table includes the total amount of the assets held by the Group companies under service concession arrangements and recognised under "Intangible Assets", "Non-Current Financial Assets", "Current Financial Assets" and "Investments Accounted for Using the Equity Method" in the accompanying consolidated balance sheet at 31 December 2011 and 2010.

	Intangible assets	Financial assets	Jointly controlled entities	Associates	Total investment
2011					
Water services	1,127,147	30,188	81,510	34,420	1,273,265
Motorways and tunnels	190,357	—	424,616	59,912	674,885
Other	129,667	72,651	1,922	86,936	291,176
TOTAL	1,447,171	102,839	508,048	181,268	2,239,326
Accumulated amortisation	(420,044)	—	—	—	(420,044)
Impairment losses	(4,393)	—	—	—	(4,393)
	1,022,734	102,839	508,048	181,268	1,814,889
2010					
Water services	1,169,343	20,110	79,283	24,565	1,293,301
Motorways and tunnels	139,400	—	484,172	40,040	663,612
Other	156,611	73,538	211	103,454	333,814
TOTAL	1,465,354	93,648	563,666	168,059	2,290,727
Accumulated amortisation	(421,124)	—	—	—	(421,124)
Impairment losses	(3,362)	—	—	—	(3,362)
	1,040,868	93,648	563,666	168,059	1,866,241

The core activity of the concessions belonging to the water services business is the integral water cycle, including the collection, transportation, treatment and distribution of water to urban centres -using the distribution networks and complex drinking water treatment facilities- and also the collection and treatment of waste water. This activity comprises both the construction and maintenance of water-supply and sewer networks, desalination plants and drinking water treatment and purification plants. Revenue is generally received on the basis of the customers' use of the service, although in exceptional cases, principally that of desalination plants, the concession grantor guarantees that the operator will receive a specified level of revenue. Accordingly, in most cases the cash flows depend on water consumption which, in general, remains constant over time due, on the one hand, to the reduction arising from the implementation of water saving policies and, on the other, to the increase resulting from the growth of the population. However, in order to ensure the recovery of the concession operator's investment, the contracts normally include regular price revision clauses in which future prices are established on the basis of consumption in previous periods. For the purpose of carrying on their activities, the concession operators either construct or are granted the right to use the distribution and sewer networks, as well as the complex drinking water treatment and purification facilities. Water service concessions are arranged for various different terms, up to a maximum of 75 years, and the facilities are handed over to the grantor at the end of the concession term for no consideration.

The core activity of the concessions belonging to the motorways and tunnels business is the management, promotion, development and operation of land transport infrastructure, mainly toll motorways and tunnels. This activity comprises both the construction and the subsequent upkeep and maintenance of the aforementioned infrastructure for a substantial concession term that can vary widely from 25 to 75 years. Revenue is normally received on the basis of traffic intensity through both the direct collection of tolls from drivers and a shadow toll. Accordingly, the cash flows vary in relation to traffic intensity and generally tend to increase as the concession term progresses. In certain cases, the cash receipts are fixed, either because payments are made for availability, i.e. when the operator receives a specified amount previously agreed with the grantor in exchange for making the infrastructure available, on the agreed terms, or because the concession grantor guarantees to pay the operator the shortfall between the toll revenue collected from users and a specified amount. The contracts usually encompass both the construction or upgrade of the infrastructure for which the operator receives a right of use and the provision of maintenance services, and the infrastructure is handed over to the grantor at the end of its useful life, generally for no consideration. In certain cases the contracts provide for consideration mechanisms, such as an extension of the concession term or an increase in the toll, that guarantee a minimum return for the concession operator.

It should also be noted that under the concession contracts the concession operators in which the Group holds ownership interests are obliged to purchase or construct, during the term of the related concession, property, plant and equipment items assigned to concessions amounting to EUR 219,769 thousand at 31 December 2011 (31 December 2010: EUR 111,135 thousand).

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

"Investments Accounted for Using the Equity Method" includes the value of the investments in companies accounted for using the equity method and the non-current loans granted to such companies which, as indicated in Note 2-b, include jointly controlled entities and associates, the detail being as follows:

	2011	2010
Jointly controlled entities	777,084	878,712
Associates	338,635	344,183
	1,115,719	1,222,895

There were no impairment losses in the years ended 31 December 2011 and 2010 since the fair value of the investments accounted for using the equity method was equal to or higher than their carrying amount.

The detail, by company, of "Investments Accounted for Using the Equity Method" is included in Appendices I and II to these consolidated financial statements.

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a) Jointly controlled entities

The changes in 2011 and 2010 were as follows:

	Acquisitions and disbursements	Profit (Loss) for the year	Dividends paid	Changes in fair value of financial instruments recognised in reserves	Sales	Changes in consolidation method and transfers	Translation differences and other changes	Value of the investment	Loans granted	Total
Balance at 31/12/09								773,240	82,378	855,618
Realia Business Group	112	337	—	(9,242)	—	—	279	(8,514)	1,877	(6,637)
Globalvía Group	—	(20,552)	—	(9,183)	—	—	32,324	2,589	—	2,589
Sociedad Concesionaria Tranvía de Murcia, S.A.	—	—	—	—	—	15,948	—	15,948	6,500	22,448
Proactiva Group	—	5,563	—	1,530	—	—	(3,734)	3,359	—	3,359
Guzmán Energia, S.A.	—	3,751	—	—	—	(3,751)	—	—	—	—
Mercia Waste Management, Ltd.	—	1,569	—	—	—	—	305	1,874	—	1,874
Valenciana de Servicios I.T.V., S.A.	—	1,511	(1,385)	—	(3,289)	—	—	(3,163)	—	(3,163)
Ecoparc del Besòs, S.A.	—	1,089	—	—	—	—	—	1,089	—	1,089
Atlas Gestión Medioambiental, S.A.	—	782	(1,000)	—	—	—	—	(218)	—	(218)
Other	—	8,173	(5,428)	512	—	—	(33)	3,224	(1,471)	1,753
Total 2010	112	2,223	(7,813)	(16,383)	(3,289)	12,197	29,141	16,188	6,906	23,094
Balance at 31/12/10								789,428	89,284	878,712
Realia Business Group	—	374	—	523	—	—	(6,847)	(5,950)	(52,531)	(58,481)
Globalvía Group	—	(14,468)	—	(35,097)	—	—	(9,993)	(59,558)	—	(59,558)
Sociedad Concesionaria Tranvía de Murcia, S.A.	3,400	186	—	8	—	—	—	3,594	644	4,238
Proactiva Group	—	5,665	(3,393)	2,360	—	—	(913)	3,719	—	3,719
ACE Caet XXI Construçoes	—	4,539	(164)	—	—	—	—	4,375	—	4,375
Mercia Waste Management, Ltd.	—	3,093	(9,578)	—	—	—	469	(6,016)	—	(6,016)
Atlántica de Graneles y Moliendas, S.A.	1,250	(906)	—	3	—	—	(77)	270	—	270
Other	988	4,152	(5,569)	(561)	(946)	—	2,065	129	9,696	9,825
Total 2011	5,638	2,635	(18,704)	(32,764)	(946)	—	(15,296)	(59,437)	(42,191)	(101,628)
Balance at 31/12/11								729,991	47,093	777,084

The most significant changes in the foregoing table in 2011 were contributed by the Realia Business and Globalvía Infrastructures groups. Noteworthy in 2010 was the inclusion of Sociedad Concesionaria del Tranvía de Murcia, S.A., which became a jointly controlled entity in that year.

Following are the main aggregates in the financial statements of the jointly controlled entities, in proportion to the percentage of ownership held therein, at 31 December 2011 and 2010.

	2011	2010
Non-current assets	2,569,146	2,596,336
Current assets	872,011	904,191
Non-current liabilities	1,625,709	1,824,410
Current liabilities	831,542	632,494
Income statement		
Revenue	823,670	774,960
Profit from operations	127,736	117,776
Profit before tax	11,232	14,016
Profit attributable to the Parent	2,635	2,223

The jointly controlled entities engage mainly in the operation of concessions, such as motorways, tunnels and passenger transport, and in the real estate business, which consists of the property investments and residential developments of, respectively, Globalvía Infraestructura, S.A. and Realia Business, S.A.

Guarantees amounting to EUR 333,858 thousand (2010: EUR 323,136 thousand) were provided, mostly to government agencies and private customers, for businesses managed jointly with non-FCC Group third parties, as security for the performance of contracts in the Group's various business activities.

b) Associates

The changes in 2011 and 2010 were as follows:

	Acquisitions and disbursements	Profit (Loss) for the year	Dividends paid	Changes in fair value of financial instruments recognised in reserves	Sales	Translation differences and other changes	Value of the investment	Loans granted	Total
Balance at 31/12/09							208,000	82,136	290,136
Shariket Miyeh Ras Djinet, SpA	971	858	—	—	—	219	2,048	—	2,048
Shariket Tahlya Miyah Mostaganem, SpA	1,489	2,777	—	—	—	459	4,725	—	4,725
Urbs Iustitia Commodo Opera, S.A.	2,417	—	—	—	—	—	2,417	—	2,417
Concessió Estacions Aeroport L9, S.A.	—	12,666	—	6,782	—	—	19,448	11,410	30,858
NIHG South West Health Partnership Ltd.	—	(1,705)	—	(14,954)	—	6	(16,653)	3,964	(12,689)
N6 (Construction) Limited	—	(12,731)	—	—	—	—	(12,731)	—	(12,731)
M50 (D&C) Limited	—	(4,498)	—	—	—	—	(4,498)	—	(4,498)
FCC Elliot Construction Limited	—	3,639	(2,307)	—	—	14	1,346	—	1,346
Urbs Iudex et Causidicus, S.A.	—	1,056	—	(2,378)	—	—	(1,322)	—	(1,322)
Cedinsa	5,576	(1,060)	—	(2,126)	—	—	2,390	—	2,390
Alpine Group companies	—	1,148	—	—	—	(1,222)	(74)	17,905	17,831
Suministros Aguas de Queretaro, S.A.	—	2,034	—	—	—	1,014	3,048	1,867	4,915
Orasqualia Construction S.A.E.	4	2,571	—	—	—	(53)	2,522	4,027	6,549
Other	2,040	1,356	(5,486)	296	(184)	2,304	326	11,882	12,208
Total 2010	12,497	8,111	(7,793)	(12,380)	(184)	2,741	2,992	51,055	54,047
Balance at 31/12/10							210,992	133,191	344,183

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	Acquisitions and disbursements	Profit (Loss) for the year	Dividends paid	Changes in fair value of financial instruments recognised in reserves	Sales	Translation differences and other changes	Value of the investment	Loans granted	Total
Shariket Miyeh Ras Djinet, SpA	802	1,361	—	—	—	166	2,329	—	2,329
Shariket Tahlya Miyah Mostaganem, SpA	—	4,214	—	—	—	284	4,498	—	4,498
Time Group	—	1,196	(385)	—	—	—	811	—	811
Concessió Estacions Aeroport L9, S.A.	—	7,587	—	(33,921)	—	—	(26,334)	—	(26,334)
NIHG South West Health Partnership Ltd.	—	3,064	—	(12,052)	—	(390)	(9,378)	—	(9,378)
N6 (Construction) Limited	—	(7,763)	—	—	—	—	(7,763)	—	(7,763)
M50 (D&C) Limited	—	868	—	—	—	—	868	—	868
FCC Elliot Construction Limited	—	4,309	—	—	—	239	4,548	—	4,548
Urbs Iudex et Causidicus, S.A.	—	1,021	—	(5,089)	—	(3,085)	(7,153)	—	(7,153)
Cedinsa	22,700	1,250	—	(2,003)	—	(2,132)	19,815	—	19,815
Alpine Group companies	—	3,693	—		—	(7,039)	(3,346)	—	(3,346)
Nova Bocana Business, S.A.	2,789	(288)	—	—	—	—	2,501	—	2,501
Orasqualia Construction S.A.E.	—	4,287	(4,661)	—	—	(188)	(562)	—	(562)
Other	6,400	5,852	(7,941)	3,500	—	4,267	12,078	1,540	13,618
Total 2011	32,691	30,651	(12,987)	(49,565)	—	(7,878)	(7,088)	1,540	(5,548)
Balance at 31/12/11							203,904	134,731	338,635

Although there were no significant changes in the valuation of the associates in 2011 or 2010, it should be noted that an investment of EUR 22,700 thousand was made in Cedinsa in 2011.

The detail of the assets, liabilities, revenue and profit or loss for 2011 and 2010 of the associates, in proportion to the percentage of ownership held in each associate, is as follows:

	2011	2010
Non-current assets	1,660,585	1,424,794
Current assets	463,961	418,658
Non-current liabilities	1,561,327	1,228,387
Current liabilities	403,767	411,072
Revenue	410,933	339,376
Profit from operations	92,961	53,714
Profit before tax	41,298	15,856
Profit attributable to the Parent	30,986	8,111

13. JOINTLY MANAGED CONTRACTS

As indicated in Note 2-b, in the section entitled "Joint ventures", the Group companies undertake certain of their business activities by participating in contracts that are operated jointly with other non-Group venturers, mainly through unincorporated temporary joint ventures and other similar entities; these contracts were proportionately consolidated in the accompanying financial statements.

Following are the main aggregates of the jointly operated contracts included in the various headings in the accompanying consolidated balance sheet and consolidated income statement, in proportion to the ownership interest held therein, at 31 December 2011 and 2010.

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	2011	2010
Non-current assets	134,619	140,654
Current assets	1,451,311	1,486,208
Non-current liabilities	33,104	23,384
Current liabilities	1,086,330	1,132,017
Income statement		
Revenue	1,498,631	1,567,275
Gross profit from operations	132,274	105,166
Net profit from operations	107,729	72,137

At 2011 year-end, the property, plant and equipment purchase commitments entered into directly by the jointly managed contracts amounted to EUR 17,963 thousand (2010: EUR 37,935 thousand), calculated on the basis of the percentage interest held by the Group companies.

The contracts managed through unincorporated temporary joint ventures, silent partnerships and other similar entities require the venturers to share joint and several liability for the business activity carried on.

Guarantees amounting to EUR 604,758 thousand (2010: EUR 776,595 thousand) were provided, mostly to government agencies and private customers, for contracts managed jointly with non-Group third parties, as security for the performance of construction projects and urban cleaning contracts.

14. NON-CURRENT FINANCIAL ASSETS AND OTHER CURRENT FINANCIAL ASSETS

The breakdown of the most significant items under "Non-Current Financial Assets" and "Other Current Financial Assets" in the accompanying consolidated balance sheet is as follows:

a) Non-current financial assets

The detail of the non-current financial assets at 31 December 2011 and 2010 is as follows:

	Held-for-trading financial assets	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	Hedging derivatives	Total
2011						
Equity instruments	—	69,741	—	—	—	69,741
Debt securities	—	1,691	3,166	4,243	—	9,100
Derivatives	12,222	—	—	—	3,597	15,819
Other financial assets	—	—	362,801	4,538	—	367,339
	12,222	71,432	365,967	8,781	3,597	461,999
2010						
Equity instruments	—	68,244	—	—	—	68,244
Debt securities	—	2,053	2,242	3,604	—	7,899
Derivatives	11,105	—	—	—	8,163	19,268
Other financial assets	—	—	313,358	7,030	—	320,388
	11,105	70,297	315,600	10,634	8,163	415,799

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a.1) Available-for-sale financial assets

Breakdown of the balance at 31 December 2011 and 2010:

	Effective percentage of ownership	Fair value
2011		
Ownership interests of 5% or more:		
Equipamientos Urbanos de México, S.A. de C.V.	50.00	12,234
World Trade Center Barcelona, S.A.	16.52	11,422
Vertederos de Residuos, S.A.	16.03	9,076
Consorcio Traza, S.A.	16.60	10,290
Alpine Bau Group investees		17,533
Other		7,713
Ownership interests of less than 5%:		
Xfera Móviles, S.A.	3.44	—
Other		1,473
Debt securities		1,691
		71,432
2010		
Ownership interests of 5% or more:		
Equipamientos Urbanos de México, S.A. de C.V.	50.00	12,234
World Trade Center Barcelona, S.A.	16.52	11,422
Vertederos de Residuos, S.A.	16.03	8,998
Consorcio Traza, S.A.	16.60	8,925
Alpine Bau Group investees		16,643
Other		6,135
Ownership interests of less than 5%:		
Xfera Móviles, S.A.	3.44	—
Other		3,887
Debt securities		2,053
		70,297

At 31 December 2011, the Parent, Fomento de Construcciones y Contratas, S.A., had granted loans to Xfera Móviles, S.A. totalling EUR 24,115 thousand (2010: same amount) for which an allowance of EUR 3,685 thousand had been recognised (2010: EUR 22,085 thousand). The EUR 18,400 thousand reversal of this allowance in 2011 is included under "Impairment and Gains or Losses on Disposals of Financial Instruments" in the consolidated income statement. In addition, the Parent has provided guarantees amounting to EUR 13,286 thousand for Xfera Móviles, S.A. (2010: EUR 3,995 thousand).

Also, it should be noted that the 50% ownership interest in the share capital of Equipamientos Urbanos de México, S.A. de C.V. (Eumex) is recognised as an available-for-sale financial asset because the Group does not exercise significant influence over Eumex since, in spite of the equal footing held by it from a legal standpoint, the business relations with the partner-shareholder, which manages Eumex, are neither fluid nor lawful and, consequently, no Group representative participates in any of Eumex's governing bodies.

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	Cost	Impairment	Disposals and reductions	Changes in scope of consolidation, translation differences and other changes	Carrying amount	Changes in fair value	Fair value
Balance at 31/12/09					70,069	(8,484)	61,585
Vertedero de Residuos, S.A.	—	—	—	—	—	1,947	1,947
Consorcio Traza, S.A.	7,560	—	—	—	7,560	—	7,560
Other	645	(271)	(723)	(251)	(600)	(195)	(795)
Total 2010	*8,205*	*(271)*	*(723)*	*(251)*	*6,960*	*1,752*	*8,712*
Balance at 31/12/10					77,029	(6,732)	70,297
Vertedero de Residuos, S.A.	—	—	—	—	—	78	78
Consorcio Traza, S.A.	1,365	—	—	—	1,365	—	1,365
Other	658	(30)	(47)	(921)	(340)	32	(308)
Total 2011	*2,023*	*(30)*	*(47)*	*(921)*	*1,025*	*110*	*1,135*
Balance at 31/12/11					78,054	(6,622)	71,432

a.2) Loans and receivables

The scheduled maturities of the loans and receivables granted by the Group companies to third parties are as follows:

	2013	2014	2015	2016	2017 and subsequent years	Total
Deposits and guarantees	8,335	682	168	1,202	26,970	37,357
Debt securities	—	—	—	—	3,166	3,166
Non-trade loans	26,380	18,952	20,615	16,319	146,938	229,204
Non-current collection rights - concession arrangement (Notes 3-a and 11)	4,612	4,612	4,612	4,612	77,792	96,240
	39,327	24,246	25,395	22,133	254,866	365,967

The non-trade loans include mainly the amounts granted to government agencies for the refinancing of debt in the water service and urban cleaning businesses, which earn interest at market rates, in addition to the loans granted to Xfera Móviles, S.A. referred to in the preceding section. In 2011 there were no events that raised doubts concerning the recovery of these loans.

The deposits and guarantees relate basically to those required legally or contractually in the course of the Group companies' activities, such as deposits for electricity connections, construction completion bonds, property lease security deposits, etc.

a.3) Other non-current financial assets

The scheduled maturities of other non-current financial assets are as follows:

	2013	2014	2015	2016	2017 and subsequent years	Total
Held-to-maturity investments	489	—	13	—	8,279	8,781
Derivatives	4,831	10,988	—	—	—	15,819
	5,320	10,988	13	—	8,279	24,600

"Derivatives" includes EUR 11,312 thousand relating to the valuation of the call options and cash flow swaps arranged by the Parent in the framework of the share option plan for executives and executive directors (see Notes 19 and 24).

This item also includes the embedded derivative (trigger call option) associated with the convertible bond issue described in Note 18-e.

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b) Other current financial assets

The detail of "Other Current Financial Assets" at 31 December 2011 and 2010 is as follows:

	Held-for-trading financial assets	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	Hedging derivatives	Total
2011						
Equity instruments	1,083	—	—	—	—	1,083
Debt securities	—	—	1,093	286	—	1,379
Derivatives	—	—	—	—	1,893	1,893
Other financial assets	—	—	388,876	2,458	—	391,334
	1,083	—	389,969	2,744	1,893	395,689
2010						
Equity instruments	777	1,212	—	—	—	1,989
Debt securities	—	65	368	5,540	—	5,973
Derivatives	—	—	—	—	1,622	1,622
Other financial assets	—	1,208	197,530	17,441	—	216,179
	777	2,485	197,898	22,981	1,622	225,763

This heading in the accompanying consolidated balance sheet includes current financial assets which, maturing at more than three months in order to cater for certain specific cash situations, are classified as held-for-trading financial assets, available-for-sale financial assets, held-to-maturity investments or loans and receivables, based on the initial nature of the investments.

These assets are unrestricted as to their use, except for "Deposits and Guarantees Given" (EUR 33,655 thousand included under "Other Financial Assets"), which relate to amounts paid to secure certain contracts which will be recovered once the contracts expire.

The average rate of return obtained in this connection is the market return according to the term of each investment.

15. INVENTORIES

The detail of "Inventories" at 31 December 2011 and 2010 is as follows:

	2011		2010	
Property assets		628,020		522,397
Raw materials and other supplies		396,911		436,919
Construction	258,306		271,887	
Cement	84,138		107,629	
Versia	22,858		27,543	
Environmental services	31,609		28,262	
Other business activities	—		1,598	
Finished goods		37,484		44,091
Advances		208,940		134,968
		1,271,355		1,138,375

"Property Assets" includes building lots earmarked for sale that were acquired by the FCC Construcción group mainly in exchange for outstanding or completed construction work. This heading also includes properties in the course of construction, on which there are sale commitments representing a final value on delivery to customers of EUR 91,700 thousand (2010: EUR 263,170 thousand). The advances paid by certain customers for the aforementioned "property assets" are secured by insurance contracts or bank guarantees, pursuant to the requirements of Law 57/68, of 27 July, as amended by Law 38/99, of 5 November. The detail of the main unsold real estate products is as follows:

	2011	2010
Properties at Badalona (Barcelona)	46,167	46,167
Properties at Ensanche Vallecas (Madrid)	25,206	25,206
Properties at Sant Joan Despí (Barcelona)	56,453	56,453
Properties at Tres Cantos (Madrid)	101,059	85,162
Residential development - Pino Montano (Sevilla)	38,284	17,520
Residential development - Tres Cantos (Madrid)	66,736	23,922
Residential development - Terrenos Gran Vía - Hospitalet (Barcelona)	25,136	25,136
Residential development - Vitoria (Álava)	22,620	40,712
Building - Calle Barquillo (Madrid)	24,600	—
Other properties and developments	128,149	101,877
	534,410	422,155

A portion of the aforementioned "property assets" have been pledged as the required security for the deferred payment of taxes and social security contributions authorised by the public authorities, as indicated in Notes 22 and 23 to these consolidated financial statements.

At 2011 year-end there were no significant property asset sale or purchase commitments.

"Raw Materials and Other Supplies" includes the installations required to execute construction work that have not yet been included in the construction projects, storable construction materials and items, materials for the assembly of street furniture, replacement parts, fuel and other materials required to carry on the business activities.

Inventory write-downs totalled EUR 15,186 thousand at 31 December 2011 (2010: EUR 13,138 thousand).

At 31 December 2011, there were no material differences between the fair value and the carrying amount of the assets recognised.

16. TRADE AND OTHER RECEIVABLES

a) Trade receivables for sales and services

"Trade Receivables for Sales and Services" in the accompanying consolidated balance sheet includes the present value of the uncollected revenue, measured as indicated in Note 3-s, contributed by the Group's various lines of business and forming the basis of profit from operations.

The detail of the balance of accounts receivable from non-Group debtors at 31 December 2011 and 2010 is as follows:

	2011	2010
Progress billings receivable and trade receivables for sales	3,695,674	3,670,395
Amounts to be billed for work performed	926,689	875,895
Retentions	83,205	103,261
Production billed to associates and jointly controlled entities	248,245	289,023
Trade receivables for sales and services	4,953,813	4,938,574
Advances received on orders (Note 23)	(1,156,610)	(936,794)
Total net balance of trade receivables for sales and services	3,797,203	4,001,780

The foregoing total is the net balance of trade receivables, after considering the adjustments for the risk of doubtful debts amounting to EUR 192,904 thousand (31 December 2010: EUR 193,233 thousand) and after deducting the balance of the item "Trade and Other Payables - Advances Received on Orders" on the liability side of the accompanying consolidated balance sheet. This item also includes the amounts of progress billings in various connections, irrespective of whether or not they have been collected.

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"Progress Billings Receivable and Trade Receivables for Sales" reflects the amount of the progress billings to customers for completed work and services not yet collected at the consolidated balance sheet date.

The difference between the amount of the production recognised from inception of each project and contract in progress, measured as explained in Note 3-s, and the amount of the progress billings up to the date of the consolidated financial statements is included under "Amounts to Be Billed for Work Performed".

At 2011 year-end, trade receivables amounting to EUR 816,570 thousand had been factored to banks without recourse against the Group companies in the event of default (31 December 2010: EUR 574,236 thousand). This amount was deducted from the balance of "Progress Billings Receivable and Trade Receivables for Sales". Also, the Group sold EUR 251,141 thousand of future collection rights arising from construction project contracts awarded under the lump-sum payment method (31 December 2010: EUR 219,975 thousand). This amount was deducted from the balance of "Amounts to Be Billed for Work Performed".

b) Other receivables

The detail of "Other Receivables" at 31 December 2011 and 2010 is as follows:

	2011	2010
VAT refundable (Note 25)	150,806	175,878
Other tax receivables (Note 25)	69,954	61,049
Other receivables	290,065	271,942
Advances and loans to employees	3,878	5,914
Total other receivables	514,703	514,783

17. CASH AND CASH EQUIVALENTS

The main aim of cash management at the FCC Group is to optimise the cash position, endeavouring, through the efficient management of funds, to keep the balance of the Group's bank accounts as low as possible, and to use financing facilities in the most efficient manner for the Group's interests.

The cash of the direct or indirect subsidiaries over which control is exercised is managed on a centralised basis. The liquidity positions of these investees flow towards the Parent so that they can be optimised within the framework of the Group's various financing facilities.

	2011	2010
Euro	1,930,208	1,287,553
US dollar	66,859	66,554
Pound sterling	132,741	100,886
Czech koruna	34,981	41,222
Europe (other currencies)	82,645	111,842
Latin America (various currencies)	34,053	25,670
Other	21,154	44,924
Total	2,302,641	1,678,651

18. EQUITY

The accompanying consolidated statements of changes in equity for the years ended 31 December 2011 and 2010 show the changes in equity attributable to the shareholders of the Parent and to the non-controlling interests in those years.

I. EQUITY ATTRIBUTABLE TO THE PARENT

a) Share capital

The share capital of Fomento de Construcciones y Contratas, S.A. consists of 127,303,296 ordinary bearer shares of EUR 1 par value each.

All the shares carry the same rights and have been fully subscribed and paid.

The shares of Fomento de Construcciones y Contratas, S.A. are included in the selective Ibex 35 index, are publicly listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and are traded through the Spanish stock market interconnection system.

The only investment of 10% or more owned directly or indirectly (through subsidiaries) by other companies, according to the information provided pursuant to current legislation, is that held by B-1998, S.L., which has a direct and indirect ownership interest of 53,829% in the share capital.

The aforementioned company, B-1998, S.L., in which Esther Koplowitz Romero de Juseu, Larranza XXI, S.L. and Eurocis, S.A. have direct or indirect ownership interests of 89,653%, 5,339% and 5,008%, respectively, has certain commitments to its shareholders which are recorded and published by the Spanish National Securities Market Commission (CNMV) and in the FCC Group's Corporate Governance Report.

Esther Koplowitz Romero de Juseu also directly owns 123,313 FCC shares and indirectly holds 39,172 FCC shares through Dominum Desga, S.L. (4,132 shares) and Ejecución y Organización de Recursos, S.L. (35,040 shares), companies wholly owned by Esther Koplowitz Romero de Juseu.

b) Retained earnings and other reserves

The breakdown of "Retained Earnings and Other Reserves" in the accompanying consolidated balance sheet at 31 December 2011 and 2010 is as follows:

	2011	2010
Reserves of the Parent	1,132,022	1,109,873
Consolidation reserves	1,837,632	1,701,384
	2,969,654	2,811,257

b.1) Reserves of the Parent

"Reserves of the Parent" relates to the reserves recognised by Fomento de Construcciones y Contratas S.A., the Parent of the Group, arising mainly from retained earnings and, where appropriate, from compliance with the applicable legislation.

The detail at 31 December 2011 and 2010 is as follows:

	2011	2010
Share premium	242,133	242,133
Legal reserve	26,113	26,113
Reserve for retired capital	6,034	6,034
Voluntary reserves	857,742	835,593
	1,132,022	1,109,873

Share premium

The Consolidated Spanish Limited Liability Companies Law expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use for other purposes.

Legal reserve

Under the Consolidated Spanish Limited Liability Companies Law, 10% of net profit for each year must be transferred to the legal reserve

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until the balance of this reserve reaches at least 20% of the share capital. The legal reserve cannot be distributed to shareholders except in the event of liquidation.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount.

Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

At 31 December 2011, the Parent's legal reserve had reached the stipulated level.

Reserve for retired capital

This reserve includes the par value of the treasury shares retired in 2002 and 2008 with a charge to unrestricted reserves, in accordance with Article 335 of the Limited Liability Companies Law. The reserve for retired shares is restricted, unless the same requirements as those stipulated for capital reductions are met.

Voluntary reserves

There are no limitations or restrictions as to the use of these reserves, which are recognised on a voluntary basis using the Parent's profit following the distribution of dividends and the appropriations to the legal or other restricted reserves in accordance with current legislation.

b.2) Consolidation reserves

"Consolidation Reserves" in the accompanying consolidated balance sheet includes the consolidated reserves generated in each of the business areas since their inclusion in the Group. In accordance with IAS 27, Consolidated and Separate Financial Statements, it also includes those arising from changes in the ownership interests in Group companies, where control is maintained, at the difference between the amount of the further acquisition or sale and the carrying amount of the ownership interest. The detail of the amounts included under "Consolidation Reserves" at 31 December 2011 and 2010 is as follows:

	2011	2010
Environmental services	280,463	230,477
Versia	69,780	29,698
Construction	426,367	414,836
Cement	583,867	587,675
Energy	(12,666)	364
Corporate	489,821	438,334
	1,837,632	1,701,384

In addition, also in accordance with IAS 27, the Construction consolidated reserves include EUR 29,365 thousand due to the final agreement on the exercise of the purchase option for the remaining 17% of the share capital of Alpine Holding GmbH (see Note 21).

c) Treasury shares

"Treasury Shares" includes the shares of the Parent owned by it or by other Group companies, measured at acquisition cost.

The Board of Directors and the subsidiaries were authorised by the shareholders at the Annual General Meeting of Fomento de Construcciones y Contratas, S.A. to derivatively acquire treasury shares, with the limits and in accordance with the requirements of Article 144 et seq of the Limited Liability Companies Law.

The changes in treasury shares in 2011 and 2010 were as follows:

Balance at 31 December 2009	(270,882)
Sales	47
Acquisitions	(76,080)
Balance at 31 December 2010	(346,915)
Sales	2,872
Acquisitions	(3,436)
Balance at 31 December 2011	(347,479)

The detail of treasury shares at 31 December 2011 and 2010 is as follows:

	2011		2010	
	Number of shares	Amount	Number of shares	Amount
Fomento de Construcciones y Contratas, S,A,	3,278,047	(89,476)	3,182,582	(89,130)
Asesoría Financiera y de Gestión, S,A,	9,418,830	(258,003)	9,432,369	(257,785)
TOTAL	12,696,877	(347,479)	12,614,951	(346,915)

At 31 December 2011, the shares of the Parent owned by it or by its subsidiaries represented 9.97% of the share capital (31 December 2010: 9.91%).

d) Interim Dividend

On 15 December 2011, it was resolved to distribute to the shareholders of Fomento de Construcciones y Contratas, S.A. an interim dividend out of profit for 2011 equal to 65% gross of the par value of the shares, i.e. EUR 0.65 per share. The total amount of this dividend, EUR 80,616 thousand, was paid on or after 10 January 2012 on outstanding shares carrying dividend rights (see Note 21-d).

e) Other equity instruments

In accordance with IAS 32, Financial Instruments: Presentation, "Other Equity Instruments" includes the measurement of the equity component resulting from accounting for the issue of convertible bonds into shares of the Parent, which when added to the amount expressed under "Debt Instruments and Other Marketable Securities" in the accompanying consolidated balance sheet, makes up the total amount of the issue of such bonds (see Note 21).

In October 2009 Fomento de Construcciones y Contratas, S.A. launched an issue of bonds exchangeable for shares of the Company, the main characteristics of which were as follows:

- The amount of the issue is EUR 450,000,000 with a maturity date of 30 October 2014.
- The bonds were issued at par and with a face value of EUR 50,000.
- The bonds accrue interest at a fixed annual rate of 6.5% payable every six months.
- The exchange price of the bonds for shares of the Company is EUR 39,287 per share, which means that each bond will be convertible into 1,272.68 ordinary shares.
- The bonds are convertible or redeemable at the option of the holder or at the option of Fomento de Construcciones y Contratas, S.A., and the terms and conditions for the exercise of the option are included in the "Issue Agreement". Both newly issued shares and old shares held by the Parent may be delivered.
- This issue is backed by the Company's equity and there are no other special third-party guarantees.
- The issue is underwritten by financial institutions and is intended for qualified international investors.

The shareholders at the Extraordinary General Meeting of Fomento de Construcciones y Contratas, S.A. held on 30 November 2009 to approve the convertibility of the bonds into shares of the Company passed the following resolutions:

I) Pursuant to Article 414 of the Consolidated Spanish Limited Liability Companies Law, to increase share capital by the amount required to attend to requests by the holders of the bonds to convert them, up to an initially envisaged maximum of EUR 12 million, but subject to possible amendments in accordance with the provisions of the "Issue Agreement".

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II) To approve a buy back programme of the Company's treasury shares for the sole purpose of meeting the obligations to deliver treasury shares resulting from the bond issue and capital reduction of the Company mentioned in the following paragraph.

III) To reduce the share capital by means of the redemption of the shares purchased under the buy back programme mentioned above or of the treasury shares already held, including for such purposes the treasury shares made available through a loan to the underwriters of the transaction. This capital reduction may be for a maximum nominal amount equivalent to the number of new shares issued by the Company to meet the requests to exchange the bonds.

In relation to the Company's treasury share buy back programme, it should be noted that, due to the existing treasury share position and the number of shares required to cover the possible conversion or exchange of the bonds, equivalent to 9.11% of the share capital, there is no dilution risk for the current shareholders arising from the bond issue.

At 31 December 2011 the number of loaned securities was 1,144,605 (2010: 1,313,322 shares).

It should also be noted in relation to this transaction that the Group has a trigger call option that allows it to call the bonds under certain circumstances (see Note 14).

f) Valuation adjustments

The detail of "Valuation Adjustments" at 31 December 2011 and 2010 is as follows:

	2011	2010
Changes in fair value of financial instruments	(317,523)	(178,385)
Translation differences	(116,617)	(98,751)
	(434,140)	(277,136)

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f.1) Changes in fair value of financial instruments

"Changes in Fair Value of Financial Instruments" includes the changes, net of taxes, in the fair value of available-for-sale financial assets (see Note 14) and of cash flow hedging derivatives (see Note 24).

The detail of the adjustments due to changes in the fair value of financial instruments at 31 December 2011 and 2010 is as follows:

	2011		2010	
Available-for-sale financial assets		(2,415)		(2,467)
World Trade Center Barcelona, S.A.	3,363		3,363	
Vertederos de Residuos, S.A.	7,968		7,890	
SCL Terminal Aéreo de Santiago, S.A.	1,165		1,165	
Xfera Móviles, S.A.	(14,900)		(14,900)	
Other	(11)		15	
Financial derivatives		(315,108)		(175,918)
Fomento de Construcciones y Contratas, S.A.	(43,099)		(33,248)	
Azincourt Investment, S.L.	(19,463)		(25,218)	
Urbs Iudex et Causidicus, S.A.	(26,203)		(18,029)	
Realia Business Group	(16,874)		(17,396)	
NIHG South West Health Partnership	(27,006)		(14,954)	
Globalvía Group	(54,248)		(12,438)	
WRG Group	(23,400)		(10,616)	
Portland, S.L.	(4,031)		(8,548)	
Cementos Portland Valderrivas Group	(1,785)		(5,865)	
Concessió Estacions Aeroport L9, S.A.	(34,798)		(903)	
Energy Group	(36,373)		(4,688)	
Other	(27,828)		(24,015)	
		(317,523)		(178,385)

f.2) Translation differences

The detail of the amounts included under "Translation Differences" for each of the most significant companies at 31 December 2011 and 2010 is as follows:

	2011		2010	
European Union:				
Waste Recycling Group	(106,497)		(126,298)	
Dragon Alfa Cement Limited	(2,178)		(2,382)	
Other	(3,065)	(111,740)	(5,704)	(134,384)
USA:				
Giant Cement Holding, Inc.	(4,024)		(7,401)	
Cemusa Group	(4,910)		(4,652)	
Other	1,417	(7,517)	135	(11,918)
Latin America:				
Globalvía Group	34,523		46,259	
FCC Construcción de Centroamérica, S.A.	(1,927)		(2,277)	
Proactiva Group	(8,114)		(7,475)	
Cemusa Group	2,042		2,544	
Other	(720)	25,804	1,626	40,677
Alpine Bau Group companies		(20,626)		1,814
Other currencies		(2,538)		5,060
		(116,617)		(98,751)

The changes in 2011 were due mainly to the depreciation of various Latin American currencies against the euro, which was offset in part by the appreciation of sterling and the dollar against the euro.

Net investment abroad in currencies other than the euro represented approximately 56.9% of the FCC Group's equity (2010: 50.1%).

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The detail, by geographical market, of this net investment, after translation to euros as described in Note 3-k, is as follows:

	2011	2010
UK	942,542	853,086
USA	366,987	312,353
Latin America	228,427	217,876
Czech Republic	120,558	92,304
Other	148,785	131,809
	1,807,299	1,607,428

g) Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to the Parent by the weighted average number of ordinary shares outstanding in 2011, resulting in earnings per share of EUR 0.94 (2010: EUR 2.60).

In relation to the bond issue described in paragraph e) above, it should be noted that dilutive effects could exist if the bondholders were to exercise the conversion option under certain conditions. Under IAS 33, Earnings per Share, diluted earnings per share shall be calculated by adjusting the weighted average number of shares outstanding under the assumption that all the bonds have been converted into ordinary shares. In addition, the profit attributable to the Parent shall be adjusted by increasing it by the amount of the interest, net of the tax effect, relating to the bonds recognised in the accompanying consolidated income statement. In accordance with the resulting calculations, in 2011 there was no dilution of the earnings per share, whereas in 2010 the diluted earnings per share were EUR 2.56.

II. NON-CONTROLLING INTERESTS

"Non-Controlling Interests" in the accompanying consolidated balance sheet reflects the proportional part of the equity and the profit or loss for the year after tax of the companies in which the Group's non-controlling interests have ownership interests.

The detail of "Non-Controlling Interests" at 31 December 2011 and 2010 in relation to the main companies is as follows:

	Equity			
	Share capital	Reserves	Profit or loss	Total
2011				
Cementos Portland Valderrivas Group	15,802	586,233	(102,482)	499,553
Alpine Bau Group	15	6,872	(4,703)	2,184
Other	23,103	9,365	1,851	34,319
	38,920	602,470	(105,334)	536,056
2010				
Cementos Portland Valderrivas Group	15,843	573,253	10,101	599,197
Alpine Bau Group	19	6,030	(1,454)	4,595
Other	18,123	17,773	3,683	39,579
	33,985	597,056	12,330	643,371

19. SHARE-BASED PAYMENT TRANSACTIONS

In accordance with a decision by the Board of Directors of 29 July 2008, the Group has a remuneration plan in force for the executive directors and executives which is linked to the value of the Parent's shares. The participants in the plan receive a cash amount equivalent to the difference between the value of the shares at the date of exercise and at the reference date set in the plan.

The main features of the Plan, which is divided into two tranches, are as follows:

First tranche

- Commencement date: 1 October 2008.
- Exercise period: from 1 October 2011 to 1 October 2013.

- Number of shares: 1,800,000 shares, of which 700,000 correspond to executive directors and senior executives (12 persons) and the remaining 1,100,000 to other executives (43 persons).
- The option exercise price is EUR 34.22 per share.

Second tranche

- Commencement date: 06 February 2009.
- Exercise period: from 06 February 2012 to 05 February 2014.
- Number of shares: 1,500,000 shares, of which 147,500 correspond to executive directors and senior executives (12 persons) and the remaining 1,352,500 to other executives (225 persons).
- The option exercise price is EUR 24.71 per share.

In accordance with applicable regulations, the Group calculates the present value of the amount to be settled at the end of the plan, and recognises the corresponding provision on a systematic basis with a charge to "Staff Costs" throughout the term of the plan. At each reporting date, the present value of the obligation is re-estimated and any difference with respect to the carrying amount recognised previously is taken to the consolidated income statement for the year.

At 31 December 2011, EUR 2,323 thousand in staff costs (the same amount as in 2010) (see Note 28-c), net of the hedges indicated in the following paragraph, had accrued in relation to the obligations to employees, while the provision recognised in the accompanying consolidated financial statements amounted to EUR 2,054 thousand (2010: EUR 1,439 thousand).

In order to hedge the risk of a rise in the share price, the Group has arranged with financial institutions a call option and a put option for each of the tranches described above, together with an interest rate/dividend swap with the same exercise price, nominal amount and maturity as the plan. The treasury shares linked to this hedge were delivered to the aforementioned financial institutions.

With respect to hedge effectiveness, only the call option qualifies as a cash-flow hedge and, accordingly, the changes in the fair value thereof are recognised in equity under "Valuation Adjustments" in the accompanying consolidated balance sheet, while the put option and the interest rate/dividend swap do not qualify for hedge accounting and, therefore, the changes in their fair value are taken to the consolidated income statement (see Note 24).

The change in the fair value of the financial derivatives that do not qualify for hedge accounting represented a gain in 2011 of EUR 14,400 thousand (2010: a loss of EUR 24,286 thousand). For information on the fair value of the financial derivatives see Notes 24 and 28-g to these consolidated financial statements.

Lastly, it should be noted in relation to the first tranche that no options were exercised within the exercise period relating to 2011 and, accordingly, no amounts were settled.

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20. NON CURRENT AND CURRENT PROVISIONS

The detail of the provisions at 31 December 2011 and 2010 is as follows:

	2011		2010	
Non current		1,083,109		1,047,836
Non current employee benefit obligations	88,342		108,814	
Dismantling, removal and restoration of non-current assets	132,356		187,683	
Environmental activities	217,850		199,282	
Litigation	194,496		171,703	
Contractual and legal guarantees and obligations	113,931		116,746	
Other non current provisions	336,134		263,608	
Current		178,887		143,233
Construction contract settlement and project losses	163,605		130,369	
Other current provisions	15,282		12,864	

The changes in "Non current Provisions" and "Current Provisions" in 2011 and 2010 were as follows:

	Non current provisions	Current provisions
Balance at 31/12/2009	906,535	110,773
Environmental expenses for the removal or dismantling of assets	36,633	—
Provisions recognised/(reversed)	142,907	33,735
Amounts used	(49,844)	(131)
Changes in the scope of consolidation, translation differences and other changes	11,605	(1,144)
Balance at 31/12/2010	1,047,836	143,233
Environmental expenses for the removal or dismantling of assets	38,682	—
Provisions recognised/(reversed)	106,655	41,032
Amounts used	(70,574)	(37)
Transfer to "Liabilities Associated with Non-Current Assets Classified as Held for Sale"	(41,906)	—
Changes in the scope of consolidation, translation differences and other changes	2,416	(5,341)
Balance at 31/12/2011	1,083,109	178,887

The provisions recognised in 2011 include EUR 26,128 thousand (2010: EUR 17,732 thousand) relating to the adjustment for provision discounting.

"Environmental Expenses for the Removal or Dismantling of Assets" includes the balancing item for the increased asset value relating to the discounted present value of the expenses that will be incurred when operation of the asset ceases.

The transfer to "Liabilities Associated with Non-Current Assets Classified as Held for Sale" relates to EUR 29,791 thousand of Giant Cement Holding, Inc. and EUR 12,115 thousand of the Energy business.

The provisions included in the accompanying consolidated balance sheet are considered to cover the inherent liability that may arise in the course of the Group's various business activities.

The timing of the expected outflows of economic benefits at 31 December 2011 arising from the obligations covered by non-current provisions is as follows:

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	Within five years	After five years	Total
Long-term employee benefit obligations	7,169	81,173	88,342
Dismantling, removal and restoration of non-current assets	78,259	54,097	132,356
Environmental activities	63,541	154,309	217,850
Litigation	64,934	129,562	194,496
Contractual and legal guarantees and obligations	87,581	26,350	113,931
Other provisions	105,703	230,431	336,134
	407,187	675,922	1,083,109

Long-term employee benefit obligations
“Non current Provisions” in the accompanying consolidated balance sheet includes the provisions covering the Group companies' obligations in respect of pensions and similar obligations such as medical and life insurance, as indicated in Note 26.

Environmental provisions
The FCC Group's environmental policy goes beyond strict compliance with current legislation in the area of environmental improvement and protection to include the establishment of preventative planning and the analysis and minimisation of the environmental impact of the activities carried on by the Group.

FCC Group management considers that the Group companies' contingencies relating to environmental protection and improvement at 31 December 2011 would not have a significant impact on the accompanying consolidated financial statements, which include provisions to cover any probable environmental risks that might arise.

Note 30 to these consolidated financial statements (“Information on the Environment”) supplements the information set forth with respect to environmental provisions.

Provisions for litigation
Provisions for litigation cover the contingencies of the FCC Group companies acting as defendants in certain proceedings in relation to the liability inherent to the business activities carried on by them. The lawsuits, although numerous, are not expected to have an impact on the Group's equity according to estimates regarding their final outcomes.

Contractual and legal guarantees and obligations
"Contractual and Legal Guarantees and Obligations" includes the provisions to cover the expenses arising from contractual and legal obligations of a non-environmental nature.

Provisions for construction contract settlements and project losses
These provisions are recognised for losses budgeted for in construction projects in accordance with the measurement bases set forth in Note 3-s, and for the expenses arising from such projects from the date of their completion to the date of their definitive settlement, which are determined systematically as a percentage of the value of production over the term of the project based on experience in the construction business.

Provisions for other contingencies and charges
"Provisions for Other Contingencies and Charges" includes the items not classified in the foregoing accounts, comprising most notably the provisions to cover contingencies arising from international business.

This heading also includes the Group's obligations relating to share-based payments. Note 19, “Share-based Payment Transactions" includes details on the characteristics of these obligations.

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21. NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

The FCC Group's general policy is to provide all the Group companies with the financing that is best suited to the normal conduct of their business activities. In this connection, the Group companies are furnished with the credit facilities required to cater for their budgetary plans, which are monitored on a monthly basis. Also, risk is generally spread over various banks and the Group companies currently have credit facilities with more than 130 financial institutions.

Should the financial transaction so require, following a hedging policy for accounting purposes, the Group arranges interest-rate hedging transactions on the basis of the type and structure of each transaction (see Note 24).

In certain types of financing, particularly non-recourse structured financing, the financing agreement requires the arrangement of some kind of interest-rate hedge and the Group assesses the best hedging instrument based on the project's cash flow profile and the debt repayment schedule.

a) Non-current and current debt instruments and other marketable securities

On 1 June 2011 the Alpine Group made a EUR 90,000 thousand bond placement on the corporate fixed-rate markets. The issue was for a term of five years with a single repayment at the end of that term and an annual coupon of 5.25%. The funds were used to cover corporate needs of the Alpine Group.

The main characteristics of the non-current and current debt instruments arranged by the Group in prior years and maintained in 2011 are as follows:

The new issue launched in 2011 by the Alpine Group as described in the previous paragraph joined the issue launched in July 2010 for a total amount of EUR 100,000 thousand. The issue was for a term of five years with a single repayment at the end of that term and an annual coupon of 5.25%.

On 30 October 2009, the Parent launched an issue of subordinated convertible bonds amounting to EUR 450,000 thousand. This issue was intended for international institutional investors. The purpose of the issue was to strengthen the balance sheet equity structure due to the fact that the bonds are convertible and subordinate to the corporate loans arranged by the Parent, and to diversify the Group's financing base, by supplementing the bank financing.

In accordance with applicable accounting regulations, in addition to their financial component, the convertible bonds have another component that is recognised in equity as described in Note 18-e to these consolidated financial statements. Note 18-e also describes the terms of the convertible bond issue. The balance recognised in this connection at 31 December 2011 under "Debt Instruments and Other Marketable Securities" in the accompanying consolidated balance sheet amounts to EUR 433,436 thousand. These bonds traded at 87.45% of par at 31 December 2011 according to Bloomberg.

Also, in 2005 Severomoravské Vodovody a Kanalizace Ostrava, A.S. (SmVaK) issued non-convertible bonds amounting to CSK 2,000,000 thousand (EUR 77,594 thousand) at 31 December 2011. These bonds, which were traded on the Prague Stock Exchange, mature in 2015 and bear nominal interest of 5%. As security for this issue, the Czech company is obliged not to grant additional pledges on its assets to third parties, not to sell assets above a certain cumulative value and not to incur indebtedness over a certain amount.

b) Non-current and current bank borrowings

The detail at 31 December 2011 and 2010 is as follows:

	Non-current	Current	Total
2011			
Credit facilities and loans	2,743,522	3,530,437	6,273,959
Limited recourse project financing loans	843,982	954,128	1,798,110
Waste Recycling Group	668,974	62,170	731,144
Uniland Group	—	647,171	647,171
Other	175,008	244,787	419,795
	3,587,504	4,484,565	8,072,069
2010			
Credit facilities and loans	4,499,894	1,394,259	5,894,153
Limited recourse project financing loans	1,759,456	132,276	1,891,732
Waste Recycling Group	714,595	48,459	763,054
Uniland Group	632,919	56,009	688,928
Other	411,942	27,808	439,750
Liabilities associated with non-current assets classified as held for sale (see Note 4)	629,995	108,941	738,936
	6,889,345	1,635,476	8,524,821

The main characteristics of the most significant non-current and current bank borrowings arranged by the Group in 2011 are as follows:

- On 11 August 2011 the Parent entered into a syndicated loan to finance part of the 2011 investment plan for EUR 120,000 thousand which matures in three years (11 August 2014). The participating banks are ICO, BBVA and Santander. The first repayment of 20% falls due in 2013 and the rest upon maturity.

- To optimise the Group's treasury share position, on 15 April 2011 the Parent executed a transaction with Societé Generale on 6,165,000 treasury shares of FCC, S.A. without losing control thereof, in order to obtain EUR 127,920 thousand in liquidity. This transaction, with an initial maturity date of 14 October 2011, was renewed and the original terms and conditions were amended. EUR 32,930 thousand of the debt was repaid and at 31 December 2011, the outstanding debt in relation to this transaction amounted to EUR 95,036 thousand. On 16 January 2012 it was renewed once again with a maturity date of 16 April 2012 under the same terms and conditions as those in force at the end of 2011.

The credit facilities and loans arranged by the Group in prior years and maintained in 2011 notably include the following:

- On 30 July 2010, the Parent refinanced the syndicated loan for EUR 1,225 million that matured on 8 May 2011, under a forward start arrangement. This loan matures in three years (8 May 2014) with repayment of 50% in 2013. It consists of three tranches: the first, a EUR 735 million loan, the second, a EUR 490 million credit facility and the third, a new money tranche of EUR 62 million available from 1 January 2011. Therefore, the amount of the new transaction totals EUR 1,287 million. This loan had been drawn down in full at 31 December 2011.

- On 22 December 2010. the Alpine Group signed a syndicated financing facility amounting to EUR 160,000 thousand and maturing on 22 December 2013. The agreement consists of two tranches:

  a) One tranche, 50% of which is backed by the Austrian government under the Austrian Enterprise Liquidity Support Law ("ULSG"), approved in August 2009 to strengthen the liquidity of Austrian companies, whereby the Austrian government provides access to liquidity to encourage investment and growth through a programme of government guarantees. The cost of this tranche is fixed. This is the second financing facility under this structure executed by the Alpine Group.
  b) Another commercial tranche, the cost of which is determined on the basis of the net debt/EBITDA ratio.

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This financing was paid out in full in January 2011, thereby enabling Alpine to make repayments relating to 2011 early.

- On 29 April 2009, the Parent arranged a syndicated loan of EUR 375,000 thousand which was extended on 4 and 27 May to a total of EUR 451,000 thousand, divided into two tranches: the first, a long-term loan of EUR 225,500 thousand and the second, a long-term credit facility of EUR 225,500 thousand. The syndicated loan has a term of three years, a single maturity, 28 April 2012, and bears interest at Euribor plus a spread established on the basis of the FCC Group's debt ratio as per the financial statements for each year.

- On 23 October 2009 the Parent arranged a long-term credit facility of EUR 175,000 thousand with the European Investment Bank (EIB) which matures on 6 November 2012 and may be extended to 2015. The stipulated price is 3-month Euribor plus a fixed spread.

  The loan was granted to finance and develop the following environmental investments:

  a) the acquisition of a fleet of 1,900 vehicles equipped with the latest technology to provide urban cleaning services in 130 municipalities in Spain.
  b) financing of related investments (acquisition of filling stations, vehicle cleaning devices and wastewater treatment plants) and
  c) the development of hybrid electric vehicles for intensive use, which are more energy efficient and use harmless fuels, thereby reducing the emission of polluting gases.

- On 9 December 2009, the Alpine Group arranged a syndicated financing facility amounting to EUR 200,000 thousand and maturing on 31 October 2014. The agreement has the same characteristics as the agreement executed on 22 December 2010 which is described above.

- On 9 December 2009, Aqualia Gestión Integral del Agua, S.A. (wholly owned by the FCC Group) refinanced a corporate loan signed in 2006 of CSK 4,800,000 thousand (approximately EUR 190 million) for the acquisition of the company Severomoravské Vodovody a Kanalizace Ostrava, A.S.(SmVaK). The refinancing is structured in two tranches: one corporate tranche at Aqualia Gestión Integral del Agua, S.A and a limited recourse loan signed by the newly created company Aqualia Chech, S.L. (wholly owned by the FCC Group), which holds 98.68% of the share capital of SmVaK.

  The characteristics of the two tranches are as follows:
  a) A multi-currency euro and Czech Republic koruna corporate loan of EUR 71,750 thousand and CSK 967,220 thousand which matures in 2012.
  b) A limited resource loan of CSK 2,000,000 thousand maturing in 2015.

  The stipulated price consists of the reference index (Euribor or Pribor) plus a fixed spread in the case of the corporate financing and another calculated on the basis of the debt service coverage ratio for the limited resource financing.

- On 18 December 2009, the FCC Group arranged long-term limited recourse financing of EUR 250,000 thousand which matures in 2024 and bears interest at Euribor plus a spread stipulated in the agreement. This loan is secured by a mortgage on the Torre Picasso building under the terms and conditions indicated in Note 9 to these consolidated financial statements and had been repaid prior to the formal preparation of these consolidated financial statements.

- On 10 July 2008, the Parent and Dédalo Patrimonial S.L. (wholly owned by Fomento de Construcciones y Contratas, S.A.) arranged a long-term credit facility for USD 186,900 thousand, maturing on 10 October 2013. The purpose of this loan was to finance the acquisition of Hydrocarbon Recovery Services Inc. and International Petroleum Corp of Delaware. The agreement consists of three tranches:

  a) The first, a long-term loan of USD 40,000 thousand granted to the Parent. USD 8,000 thousand were repaid on 10 October 2011.
  b) The second, a long-term credit facility of USD 58,900 thousand granted to Dédalo Patrimonial S.L. USD 11,780 thousand were repaid on 10 October 2011.

c) The third, a long-term loan of USD 88,000 thousand granted to Dédalo Patrimonial S.L. USD 17,600 thousand were repaid on 10 October 2011.

The established price comprises the reference rate (Libor) plus a spread based on the variation in the consolidated net debt/consolidated EBITDA ratio.

- Syndicated loan arranged on 25 January 2007. This loan replaced the bridge loan of EUR 1,030,000 thousand arranged in 2006 as part of the structured recourse financing for the acquisition of the UK company Waste Recycling Group Ltd and its corporate group. The loan is structured in two tranches: the first for an initial amount of EUR 819,700 thousand and the second for GBP 200,000 thousand. Both tranches mature in December 2013, with half-yearly settlements of 4,615% of the total initial amount of the loan and a final payment of 40,005% of the loan. The interest rate on the euro tranche is Euribor plus a spread calculated on the basis of the variation in the net financial debt/EBITDA ratio. The spread established for the euro tranche is also applicable to the tranche denominated in pounds sterling. Various financial derivatives associated with the syndicated loan have been arranged.

  In addition, Azincourt Investment, S.L. obtained a syndicated loan of a maximum of GBP 625,000 thousand (approximately EUR 726 million) which had been drawn down in full at year-end. The loan is repayable in half-yearly instalments until 2013. The interest rate is Libor plus a 1.05% annual spread payable in an interest period of one, three or six months at the borrower's discretion.

- A long-term syndicated financing facility of EUR 800,000 thousand arranged by the Parent, maturing on 19 July 2012 with the possibility of an extension until 2014. The agreement is divided into two tranches: the first is a long-term loan of EUR 280,000 thousand, 50% of which had been repaid at 31 December 2011 and the second is a long-term loan of EUR 520,000 thousand. The established price comprises the reference rate (Euribor) plus a spread based on the variation in the consolidated net debt/consolidated EBITDA ratio.

- Senior management of the FCC Group expects to bring the refinancing processes of the financial debt maturing in 2012 which are described in the preceding paragraphs to a successful conclusion.

- In August 2010 Cementos Portland Valderrivas arranged the refinancing of a loan of EUR 150,000 thousand. This loan is repayable in half-yearly instalments of EUR 15,000 thousand each from August 2011 until the final instalment of EUR 75,000 thousand in February 2014. The loan bears interest at Euribor plus a spread of 2.95%. There are two interest rate hedges on this financing, one with a fixed rate of 2.20% for a notional amount of EUR 81 million and another with 1,618% for a notional amount of EUR 27 million which expire in February 2012.

- In August 2006 Cementos Portland Valderrivas arranged a long-term syndicated loan of a maximum of EUR 780,000 thousand to finance in part the purchase of shares of Corporación Uniland through the Group company Portland S.L. This loan is repayable in half-yearly instalments from 15 January 2007 and matures in 2012. The interest rate is Euribor plus a spread calculated on the basis of the variation in the net financial debt/EBITDA ratio. At 31 December 2011, a total of EUR 354,545 thousand had been drawn down.

  In addition, Portland, S.L. obtained a syndicated loan for a maximum amount of EUR 800,000 thousand, EUR 635,633 thousand of which had been drawn down at the end of 2011. This loan is repayable in half-yearly instalments until 2013, with a final payment of 70% of the capital drawn down. The shares of Corporación Uniland, S.A. were pledged to secure this loan and there is no possibility of recourse to the Parent. This loan is subject to the achievement of certain ratios relating to the coverage of the financial burden and to levels of net financial debt in relation to the gross profit from operations in the consolidated financial statements of Portland, S.L. and the Corporación Uniland Group.

  The accompanying consolidated balance sheet at 31 December 2011 discloses a working capital deficiency of EUR 623 million, EUR 463 million of which are contributed by the Cementos Portland Valderrivas Group due to the classification under "Current Liabilities" of the syndicated loans arranged in 2006 to finance the purchase of shares of Corporación Uniland, S.A. for an outstanding amount of EUR 988,550 thousand, because certain ratios had not been achieved at 31 December 2011. This financing is guaranteed by various companies in the aforementioned Group.

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This Group is also involved in a process to refinance its main loans which is expected to be concluded successfully in the first half of 2012 in order to align its debt servicing requirements with the funds that the Group is expected to generate in the current economic context. In this connection, the Group is finalising the preparation of a business plan for the 2012-2016 period to be submitted to the creditor banks as part of the aforementioned refinancing process. The sale of the subsidiary Giant Cement Holding, Inc. (see Note 4) that Group management and the directors expect to complete in the coming months will help the Group to face the refinancing process with greater guarantees of success.

The detail of the bank borrowings, by currency and amounts drawn down at 31 December 2011 and 2010, is as follows:

	Euros	US dollar	Pound sterling	Czech koruna	Brazilian real	Other	Total
2011							
Credit facilities and loans	5,875,967	165,734	127,670	30,116	13,489	60,983	6,273,959
Limited recourse project financing loans	1,045,881	—	731,145	—	—	21,084	1,798,110
	6,921,848	165,734	858,815	30,116	13,489	82,067	8,072,069
2010							
Credit facilities and loans	5,498,862	343,916	148,340	33,488	7,064	52,045	6,083,715
Limited recourse project financing loans	1,644,593	—	763,053	—	—	33,460	2,441,106
	7,143,455	343,916	911,393	33,488	7,064	85,505	8,524,821

The credit facilities and loans denominated in US dollars are being used mainly to finance assets in the Services area, such as the purchase of FCC Environmental LLC in 2008, in the Construction area in companies in Central America and in the Versia Group in the United States; those arranged in pounds sterling relate to the financing of the assets of the WRG Group (Waste Recycling Group Ltd) in the United Kingdom; and those arranged in Czech koruna are being used to finance the operations of SmVaK (Severomoravské Vodovody a Kanalizace Ostrava, A.S.) and the assets of the Alpine Bau Group in the Czech Republic.

The credit facilities and loans denominated in Brazilian reals and other currencies are being used to finance the assets of Cemusa in Brazil, the positions of the Alpine Bau Group and A.S.A. in currencies other than the euro in Eastern Europe and the operations of the Uniland Group in Tunisia.

With regard to the FCC Group's financing, besides the financing mentioned above of the Cementos Portland Valderrivas Group, it should be noted that certain ratios must be met concerning coverage of financial expenses and levels of net debt in relation to EBITDA. The ratios established were being met at year-end.

c) Other non-current financial liabilities

	2011	2010
Non-current		
Obligations under finance leases	50,683	81,942
Borrowings - non-Group third parties	35,146	162,446
Liabilities relating to financial derivatives	200,174	212,709
Guarantees and deposits received	29,846	29,745
Street furniture contract financing	556,569	563,589
Other	5,845	16,675
	878,263	1,067,106

Until 2010 "Borrowings - Non-Group Third Parties" in the above table included the purchase option granted by FCC Construcción, S.A. to a non-controlling interest in Alpine Holding GmbH. on 17% of its investment therein. In 2011 the non-controlling interest exercised part of the sale option which resulted in the FCC Group holding 86.5% of that Group. In parallel, also in 2011 it was resolved to exercise the remaining 13.5% in January 2012 and the amount was reclassified to "Other Current Liabilities" (see Note 21-d).

As regards "Liabilities Relating to Financial Derivatives", the detail of which is provided in Note 24 "Derivative Financial Instruments", the following is noteworthy: on the one hand, the EUR 42,789 thousand (2010: EUR 56,399 thousand) relating to the fair value of the put option on FCC treasury shares associated with the share option plan for executives and executive directors indicated in Note 19 and, on the other hand, the financial derivatives designated as hedging instruments, mainly interest rate swaps.

"Street Furniture Contract Financing" includes the payment obligations acquired by the FCC Group due to the operating rights arising from the street furniture operating contracts (see Notes 2 and 7).

d) Other current financial liabilities

	2011	2010
Current		
Obligations under finance leases	45,316	72,152
Interim dividend payable	80,820	89,950
Borrowings - non-Group third parties	59,504	19,706
Payable to non-current asset suppliers and notes payable	40,543	56,888
Payable to associates and joint ventures	27,127	17,483
Liabilities relating to financial derivatives	14,055	13,378
Guarantees and deposits received	5,475	13,232
Street furniture contract financing	59,721	59,405
Other	2,853	2,428
	335,414	344,622

"Other Current Financial Liabilities" includes various payables, notably the Parent's interim dividends payable amounting to EUR 80,616 thousand in 2011 (2010: EUR 88,746 thousand) and EUR 52,560 thousand relating to the settlement agreed in relation to the sale option with a non-controlling interest in Alpine Holding GmbH, whereby that Group became wholly owned by the FCC Group. The aforementioned sale option was settled after the reporting period.

e) Repayment schedule

The repayment schedule for the bank borrowings, debt instruments and other marketable securities and other non-current financial liabilities is as follows:

	2013	2014	2015	2016	2017 and subsequent years	Total
2011						
Debt instruments and other marketable securities	—	428,548	176,575	89,418	—	694,541
Non-current bank borrowings	2,146,998	1,023,975	102,463	48,674	265,394	3,587,504
Other financial liabilities	201,756	115,992	60,776	61,936	437,803	878,263
	2,348,754	1,568,515	339,814	200,028	703,197	5,160,308

22. OTHER NON-CURRENT LIABILITIES

The detail at 31 December 2011 and 2010 is as follows:

	2011	2010
Payable to public authorities - long-term deferrals	111,332	—
Other non-current liabilities	25,372	24,987
	136,704	24,987

In 2011 the Large Taxpayers Central Office of the State Tax Agency and the Social Security General Treasury authorised deferral of the payment of certain taxes and social security contributions due to the delay in collection from public customers. The deferred amount is payable monthly up to a maximum of four years at an interest rate of 5% (see Note 15).

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23. TRADE AND OTHER PAYABLES

The detail of "Trade and Other Payables" in the consolidated balance sheet at 31 December 2011 and 2010 is as follows:

	2011	2010
Payable to suppliers	2,934,933	3,318,288
Current tax liabilities	58,425	107,507
Deferred payables to public authorities (Notes 15 and 22)	71,503	—
Other accounts payable to public authorities	575,002	558,440
Customer advances (Note 16)	1,156,610	936,794
Remuneration payable	193,761	193,613
Other payables	587,180	548,326
	5,577,414	5,662,968

In relation to the resolution issued by the Spanish Accounting and Audit Institute (ICAC) on 29 December 2010 implementing Law 15/2010, of 5 July, on combating late payment in commercial transactions, it should be noted with respect to 2011 that in Spain the Group operates mainly with public customers such as the state, autonomous communities, local corporations and other public bodies which take considerably longer to settle their payment obligations than the periods established in public sector contract legislation and in Law 3/2004, of 29 December, on combating late payment. The resulting effects can be seen under "Changes in Working Capital" in the accompanying consolidated statement of cash flows.

Due to this situation, in order to adapt the Group's financial policy to reasonable levels of efficiency, the usual payment periods to the suppliers in the sectors in which the Group operates were maintained throughout 2011, which has offset in part the negative change in working capital mentioned above. In accordance with the resolutions issued by the ICAC and Transitional Provisions Two and Three of Law 15/2010, of 5 July, which establish an applicable schedule of maximum payment periods at 31 December 2011, it should be noted that the average payment period to suppliers which is within the maximum period under the law is between 85 and 120 days, depending on whether suppliers and subcontractors related to construction agreements or other commercial transactions are involved.

The Group's supplier payment policy described above is also supported by the provisions of Article 9 of Law 3/2004, which does not consider "deferral due to objective reasons" to be abusive (which is the serious delay in payment by the public authorities described above), taking into consideration deferrals arranged by mutual agreement with the suppliers of the usual payment period in the business sectors in which the Group operates. In any case, the Group acknowledges and pays suppliers, always by mutual agreement, the late-payment interest agreed in the agreements and provides those suppliers who request them, negotiable payment methods associated with actions for collection of a bill of exchange, and the discount costs, if any, are borne by the Group. Such agreements are also allowed under Directive 2011/7/EU of the European Parliament and of the Council of 16 February and are expressly provided for in the recent Consolidated Public Sector Contracts Law.

In compliance with the aforementioned ICAC resolution, the following table shows the payments made and the outstanding payments to suppliers of the companies exclusively resident in Spain.

Payments made and outstanding payments at the reporting date		
	2011	
	Amount	%
Within the maximum payment period	1,459,587	43
Other	1,918,694	57
Total payments of the year	3,378,281	100
Weighted average period of late payment	89 days	
Balance past due by more than the maximum payment period at year-end	820,414	

In 2010, in compliance with Transitional Provision Two of the aforementioned resolution, it was disclosed that the balance payable to suppliers at the end of that year, exclusively by the companies located in Spain, totalled EUR 2,056,041 thousand. It was also indicated that the aforementioned Law 15/2010 entered into force on 5 July 2010 and, accordingly, applied to the agreements signed after that date and because of the period of time that normally elapses between the signing, the delivery of the goods or service and the maximum payment periods valid during the transitional period of application of the law, there were no balances past due to highlight in the Group that exceeded the maximum limits established in the legislation in force.

24. DERIVATIVE FINANCIAL INSTRUMENTS

In general, the financial derivatives arranged by the FCC Group are treated, for accounting purposes, in accordance with the regulations on hedge accounting described in Note 3-p to these consolidated financial statements, i.e. they are transactions that hedge actual positions.

The main financial risk hedged by the FCC Group using derivatives relates to fluctuations in the floating interest rates to which the Group companies' financing is tied.

At 31 December 2011, the FCC Group had arranged interest rate hedging transactions totalling EUR 6,400,778 thousand (31 December 2010: EUR 6,249,680 thousand) mainly in the form of IRSs in which the Group companies, associates and joint ventures pay fixed interest rates and receive floating interest rates.

The detail of the cash flow hedges and the fair value thereof is as follows:

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	Type of derivative	Type of hedge	% hedged	Notional amount at 31/12/10	Notional amount at 31/12/11	Value at a 31/12/10	Value at a 31/12/11	Maturity
Fully consolidated companies								
Fomento de Construcciones y Contratas, S.A.	IRS	CF	100%	148,023	129,113	(12,710)	(9,248)	30/12/2013
	IRS	CF	2%	13,539	11,693	(786)	(608)	30/12/2013
	IRS	CF	20%	113,389	97,929	(7,093)	(5,408)	30/12/2013
	IRS	CF	31%	172,622	149,086	(11,155)	(8,454)	30/12/2013
	IRS	CF	17%	96,465	83,313	(5,996)	(4,577)	30/12/2013
	BASIS SWAP	CF		105,000	—	11	—	30/06/2011
	BASIS SWAP	CF		245,000	—	43	—	30/06/2011
	BASIS SWAP	CF		26,998	—	1	—	30/06/2011
	BASIS SWAP	CF		46,016	—	8	—	30/06/2011
	BASIS SWAP	CF		—	200,000	—	(994)	29/06/2012
	BASIS SWAP	CF		—	50,000	—	(238)	29/06/2012
	BASIS SWAP	CF		—	92,020	—	(454)	29/06/2012
	IRS	CF	100%	—	24,733	—	70	10/10/2013
	IRS	CF	95%	—	1,225,000	—	(28,541)	08/05/2014
	IRS	CF	38%	9,918	6,037	166	(693)	02/04/2024
	IRS	CF	19%	4,959	3,019	83	(347)	02/04/2024
	IRS	CF	12%	3,178	1,934	53	(222)	02/04/2024
	IRS	CF	12%	2,799	1,704	47	(196)	02/04/2024
Azincourt Investment, S.L.	IRS	CF	15%	99,630	94,234	(9,291)	(7,170)	31/12/2013
	IRS	CF	15%	99,630	94,234	(9,291)	(7,170)	31/12/2013
	IRS	CF	15%	99,630	94,234	(9,291)	(7,170)	31/12/2013
	IRS	CF	14%	87,441	82,705	(8,154)	(6,293)	31/12/2013
WRG -RE3	IRS	CF	82%	36,748	35,882	(2,628)	(8,057)	30/09/2029
Kent	IRS	CF	37%	52,797	51,177	(7,497)	(11,700)	31/03/2027
	IRS	CF	16%	22,627	21,933	(3,213)	(5,014)	31/03/2027
	IRS	CF	27%	38,760	36,555	(5,355)	(8,357)	31/03/2027
WRG - Lincolnshire	Currency forward	CF	100%	—	63,077	—	(2,376)	21/03/2014
WRG – WREXHAM	IRS	CF	100%	27,657	27,465	(6,128)	(8,471)	30/09/2032
Depurplan 11, S.A.	IRS	CF	65%	8,280	7,825	(901)	(1,305)	01/12/2025
Ecodeal-Gestao Integral de Residuos Industriais, S.A.	IRS	CF	80%	11,337	9,912	(769)	(835)	15/12/2017
Autovía Conquense, S.A.	IRS	CF	100%	43,246	42,111	(4,447)	(3,085)	30/06/2024
	IRS	CF	100%	21,623	21,055	(2,224)	(3,085)	28/06/2024

	Type of derivative	Type of hedge	% hedged	Notional amount at 31/12/10	Notional amount at 31/12/11	Value at a 31/12/10	Value at a 31/12/11	Maturity
Aqualia Czech, S.L.	Forward IRS	CF	17%	13,036	11,136	(869)	(467)	15/05/2015
	Forward IRS	CF	12%	8,691	7,424	(205)	(312)	15/05/2015
	Forward IRS	CF	11%	8,147	6,960	(192)	(292)	15/05/2015
	Forward IRS	CF	7%	5,432	4,640	(128)	(195)	15/05/2015
	Forward IRS	CF	3%	2,067	29	(3)	(3)	15/05/2015
	Forward IRS	CF		—	859	—	(109)	15/05/2015
Alpine	IRS	CF	43%	85,714	85,714	1,834	(681)	31/12/2014
	IRS	CF	29%	—	57,143	—	(490)	31/05/2013
	IRS	CF	13%	—	20,000	—	(366)	29/11/2013
	IRS	CF	25%	—	40,000	—	(687)	29/11/2013
	IRS	CF	25%	—	40,000	—	(659)	29/11/2013
	IRS	CF	38%	—	60,000	—	(1,094)	29/11/2013
	Currency forward	CF	100%	1,664	—	(11)	—	31/03/2011
	Currency forward	CF	100%	—	39,720	—	(66)	14/02/2012
	Currency forward	CF	100%	—	40,932	—	239	09/07/2012
	Currency forward	CF	100%	—	6,488	—	(113)	08/03/2012
	Currency forward	CF	100%	—	1,623	—	(6)	29/02/2012
Sociedad Concesionaria del Túnel de Coatzacoalcos, S.A. de C.V.	IRS	CF	100%	42,724	37,685	(3,464)	(2,922)	10/06/2014
Integraciones Ambientales de Cantabria, S.A.	IRS	CF	67%	—	8,329	—	(1,027)	21/12/2022
Dédalo Patrimonial	IRS	CF	69%	—	54,412	—	122	10/10/2013
Cementos Portland Valderrivas, S.A.	IRS	CF	14%	15,000	11,667	(129)	(32)	15/07/2012
	IRS	CF	14%	15,000	11,667	(129)	(32)	15/07/2012
	IRS	CF	14%	15,000	11,667	(129)	(32)	15/07/2012
	IRS	CF	100%	150,000	—	(656)	—	22/02/2011
	IRS	CF	60%	337,527	—	(4,084)	—	15/07/2011
	BASIS SWAP	CF		439,636	—	(6)	—	15/07/2011
	IRS	CFF		57,109	—	50	—	15/07/2011
	BASIS SWAP	CF		150,000	—	(124)	—	22/02/2011
	IRS	CF	60%	—	81,000	—	(1,049)	22/02/2014
	BASIS SWAP	CF	60%	—	81,000	—	(98)	22/02/2012
	BASIS SWAP	CF	60%	—	27,000	—	(24)	22/02/2012
	IRS	CF	60%	—	27,000	—	(99)	24/02/2014
Portland, S.L.	IRS	CF	12%	84,473	79,173	(2,826)	(933)	15/07/2012
	IRS	CF	6%	45,485	42,632	(1,535)	(507)	15/07/2012
	IRS	CF	12%	84,473	79,173	(2,826)	(933)	15/07/2012
	IRS	CF	6%	45,485	42,632	(1,535)	(507)	15/07/2012
	IRS	CF	12%	84,473	79,173	(2,826)	(933)	15/07/2012
	IRS	CF	6%	45,485	42,632	(1,535)	(507)	15/07/2012

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	Type of derivative	Type of hedge	% hedged	Notional amount at 31/12/10	Notional amount at 31/12/11	Value at a 31/12/10	Value at a 31/12/11	Maturity
	IRS	CF	6%	42,236	39,587	(1,413)	(466)	15/07/2012
	IRS	CF	3%	22,743	21,316	(767)	(253)	15/07/2012
	IRS	CF	6%	42,236	39,587	(1,413)	(466)	15/07/2012
	IRS	CF	3%	22,743	21,316	(767)	(253)	15/07/2012
Cementos Lemona, S.A.	IRS	CF	50%	2,400	800	(60)	(7)	01/06/2012
	IRS	CF	50%	2,475	825	(68)	(9)	14/06/2012
	IRS	CF	70%	1,313	3,150	(34)	(132)	15/04/2016
Uniland Cementera, S.A.	Currency forward	CF		—	3,955	—	(151)	10/10/2013
Olivento	IRS	CF	7%	32,081	30,275	(945)	(2,591)	31/12/2024
	IRS	CF	9%	39,600	37,371	(1,167)	(3,199)	31/12/2024
	IRS	CF	16%	69,283	65,383	(2,048)	(5,596)	31/12/2024
	IRS	CF	6%	27,569	26,017	(815)	(2,227)	31/12/2024
	IRS	CF	7%	32,081	30,275	(948)	(2,591)	31/12/2024
	IRS	CF	9%	37,202	35,108	(1,100)	(3,005)	31/12/2024
	IRS	CF	6%	25,798	24,346	(760)	(2,084)	31/12/2024
	IRS	CF	7%	32,081	30,275	(948)	(2,591)	31/12/2024
	IRS	CF	9%	37,202	35,108	(1,096)	(3,005)	31/12/2024
Torre Picasso	IRS	CF	89%	200,000	—	(5,218)	—	18/12/2014
Helios Patrimonial 1, S.L. and Helios Patrimonial 2, S.L.	IRS	CF	13%	14,900	—	495	—	22/12/2023
	IRS	CF	13%	14,900	—	526	—	22/12/2023
	IRS	CF	27%	29,832	—	1,022	—	22/12/2023
	IRS	CF	27%	29,832	—	1,053	—	22/12/2023
Guzmán Energía, S.L.	IRS	CF	85%	—	38,972	—	(9,335)	01/04/2031
	IRS	CF	85%	—	64,954	—	(15,521)	31/03/2031
	IRS	CF	85%	—	25,981	—	(6,224)	01/04/2031
Giant Cement Holding, Inc.	IRS	CF	100%	72,156	73,310	(7,793)	(4,460)	22/05/2013
	IRS	CF	26%	33,886	28,984	(2,937)	(2,438)	05/10/2014
	IRS	CF	26%	33,886	28,984	(2,937)	(2,438)	05/10/2014
Total fully consolidated companies				4,272,368	4,603,369	(157,983)	(223,854)	
Companies accounted for using the equity method								
Tramvia Metropolità, S.A.	IRS	CF	56%	8,341	8,044	(1,649)	(2,018)	31/10/2023
	IRS	CF	24%	3,575	3,447	(706)	(863)	31/10/2023

	Type of derivative	Type of hedge	% hedged	Notional amount at 31/12/10	Notional amount at 31/12/11	Value at a 31/12/10	Value at a 31/12/11	Maturity
Tramvia Metropolità del Besòs, S.A.	IRS	CF	64%	10,544	10,031	(1,535)	(1,983)	30/06/2023
	IRS	CF	16%	2,636	2,508	(384)	(496)	30/06/2023
Cedinsa Eix del Llobregat, S.A.	IRS	CF	70%	40,898	50,288	(2,002)	(8,291)	01/05/2033
Urbs Iudex et Causidicus, S.A.	IRS	CF	100%	75,811	74,901	(30,161)	(41,135)	30/12/2033
Cedinsa d'Aro, S.A.	IRS	CF	100%	8,351	10,183	(913)	(2,310)	03/01/2033
Ibisan Sociedad Concesionaria, S.A.	IRS	CF		28,136	27,428	(1,782)	(4,252)	31/12/2027
Suministro de Aguas de Querétaro, S.A. de C.V.	CAP	CF	100%	30,066	—	—	—	20/01/2011
Nova Bocana Barcelona, S.A.	IRS	CF	17%	5,491	5,355	(621)	(985)	30/06/2025
	IRS	CF	33%	10,983	10,710	(1,240)	(1,970)	30/06/2025
Betearte, S.A.U.	IRS	CF	33%	1,826	1,621	(173)	(178)	06/02/2018
Nihg South West Health Partnership Limited	IRS	CF	33%	28,443	35,690	(1,947)	(6,301)	19/05/2039
	IRS	CF	33%	28,443	35,690	(1,947)	(6,301)	19/05/2039
	IRS	CF	33%	28,443	35,690	(1,947)	(6,301)	19/05/2039
	CAP	CF	18%	20,571	21,018	—	—	31/03/2014
	CAP	CF	18%	20,571	21,018	—	—	31/03/2014
	Swap de Inflación	CF	50%	866	883	(2,781)	(3,069)	31/03/2039
	Swap de Inflación	CF	50%	866	883	(2,781)	(3,069)	31/03/2039
Cedinsa Ter Concessionaria de la Generalitat, S.A.	IRS	CF	32%	22,613	28,267	(658)	(1,573)	31/12/2014
	IRS	CF	7%	4,947	6,183	(144)	(344)	31/12/2014
	IRS	CF	14%	9,611	12,013	(280)	(668)	31/12/2014
	IRS	CF	7%	4,947	6,183	(144)	(344)	31/12/2014
	IRS	CF	14%	9,921	12,402	(289)	(690)	31/12/2014
Concessió Estacions Aeroport L9	IRS	CF	9%	42,475	42,436	(75)	(145)	23/09/2012
	IRS	CF	3%	13,521	13,508	(24)	(46)	23/09/2012
	IRS	CF	3%	14,674	14,660	(26)	(50)	23/09/2012
	IRS	CF	3%	13,746	13,733	(24)	(47)	23/09/2012
	IRS	CF	3%	5,757	5,752	(10)	(20)	23/09/2012
	IRS	CF	3%	5,757	3,588	(6)	(12)	23/09/2012
	IRS	CF	36%	169,899	169,743	1,140	(21,966)	23/12/2033
	IRS	CF	12%	54,083	54,033	363	(6,992)	23/12/2033
	IRS	CF	13%	58,696	58,642	394	(7,589)	23/12/2033
	IRS	CF	12%	54,983	54,932	369	(7,109)	23/12/2033

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	Type of derivative	Type of hedge	% hedged	Notional amount at 31/12/10	Notional amount at 31/12/11	Value at a 31/12/10	Value at a 31/12/11	Maturity
	IRS	CF	12%	23,028	23,007	154	(2,977)	23/12/2033
	IRS	CF	13%	23,028	14,351	96	(1,857)	23/12/2033
Sociedad Concesionaria Tranvía de Murcia, S.A.	IRS	CF	34%	19,856	—	(4)	—	31/03/2011
	IRS	CF	25%	14,894	—	(3)	—	31/03/2011
	IRS	CF	42%	24,825	—	(5)	—	31/03/2011
Concesionaria Atención Primaria, S.A.	IRS	CF	75%	3,767	3,767	(7)	(140)	20/12/2018
Atlántica de Graneles y Moliendas, S.A.	IRS	CF	100%	219	—	(2)	—	02/06/2011
	IRS	CF	100%	219	—	(2)	—	02/06/2011
	IRS	CF	100%	219	—	(2)	—	02/06/2011
	IRS	CF	100%	219	—	(2)	—	02/06/2011
Autopista Central Galega Sociedad Concesionaria Española, S.A. Unipersonal	IRS	CF		42,187	42,187	(3,203)	(2,440)	31/07/2013
	IRS	CF		25,312	25,312	(1,922)	(1,464)	31/07/2013
Phunciona Gestión Hospitalaria, S.A. (Hospital del Sureste, S.A.)	IRS	CF		14,225	13,836	(597)	(2,027)	31/12/2032
	IRS	CF		13,738	1,883	(299)	(316)	31/12/2032
Túnel d'Envalira, S.A. Concesionaria del Principat d'Andorra	COLLAR	CF		8,865	6,542	(637)	(1,048)	20/07/2022
Tranvía de Parla, S.A.	IRS	CF		26,010	24,397	(2,739)	(4,285)	30/12/2022
Concesiones de Madrid, S.A.	IRS	CF		33,555	32,521	(1,976)	(1,697)	15/12/2013
Terminal Polivalente de Castellón, S.A.	IRS	CF		6,537	6,436	(676)	(894)	15/01/2018
	IRS	CF		3,268	3,218	(338)	(447)	15/01/2018
Compañía Concesionaria del Túnel de Sóller, S.A.	IRS	CF		5,173	4,773	(167)	(305)	30/06/2018
	IRS	CF		5,173	4,773	(168)	(305)	30/06/2018
Metro Barajas Sociedad Concesionaria, S.A.	IRS	CF		7,595	7,483	(93)	(717)	24/06/2024
Autopista de la Costa Cálida Concesionaria Española de Autopistas, S.A.	IRS	CF		20,109	20,109	(889)	(508)	15/12/2012
	IRS	CF		20,109	20,109	(889)	(508)	15/12/2012
Madrid 407 Sociedad Concesionaria, S.A.	IRS	CF		11,589	11,586	(1,700)	(3,255)	10/07/2033
N6 (Concession) Limited	IRS	CF		6,405	2,486	(249)	(67)	30/06/2013
	IRS	CF		4,257	3,963	(364)	(593)	30/06/2034

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	Type of derivative	Type of hedge	% hedged	Notional amount at 31/12/10	Notional amount at 31/12/11	Value at a 31/12/10	Value at a 31/12/11	Maturity
	IRS	CF		373	347	(33)	(53)	30/06/2034
	IRS	CF		4,805	1,865	(195)	(55)	28/06/2013
	IRS	CF		3,193	2,973	(270)	(447)	30/06/2034
	IRS	CF		280	260	(24)	(40)	30/06/2034
	IRS	CF		6,407	2,487	(261)	(74)	28/06/2013
	IRS	CF		4,258	3,964	(359)	(596)	30/06/2034
	IRS	CF		373	347	(31)	(52)	30/06/2034
	IRS	CF		6,407	2,487	(247)	(67)	28/06/2013
	IRS	CF		4,258	3,964	(350)	(584)	30/06/2034
	IRS	CF		373	347	(31)	(52)	30/06/2034
Ruta de los Pantanos, S.A.	IRS	CF		17,137	—	(2,267)	—	02/01/2018
Autovía del Camino, S.A.	SWAP INFLACIÓN	CF		5,487	—	9,131	—	15/12/2027
	IRS	CF		27,838	—	(5,076)	—	15/12/2027
	IRS	CF		17,118	—	(2,863)	—	15/12/2024
	IRS	CF		17,003	—	(186)	—	16/12/2030
Portsur Castellón, S.A.	IRS	CF		4,466	—	(538)	—	31/10/2011
M50 (Concession) Limited	IRS	CF		6,109	6,107	(1,135)	(2,130)	28/03/2040
	IRS	CF		6,109	6,107	(1,196)	(2,194)	28/03/2040
	IRS	CF		6,109	6,107	(1,195)	(2,195)	28/03/2040
	IRS	CF		6,109	6,107	(1,195)	(2,195)	28/03/2040
Autopistas del Sol, S.A.	IRS	CF		33,734	34,248	(4,865)	(8,260)	30/11/2023
Concesionaria Hospital Son Dureta, S.A.	IRS	CF		16,108	16,108	(2,399)	(4,408)	25/07/2029
	IRS	CF		16,108	16,108	(2,392)	(4,408)	25/07/2029
Autovía Necaxa - Tihuatlan, S.A. de C.V.	IRS	CF		28,907	25,934	(4,688)	(4,909)	06/12/2027
	IRS	CF		28,454	25,171	(4,550)	(4,765)	06/12/2027
	IRS	CF		28,057	25,171	(4,550)	(4,765)	06/12/2027
Scutvias-Autoestradas da Beira Interior, S.A.	IRS	CF		12,140	10,977	(1,934)	(1,914)	04/10/2018
	IRS	CF		7,587	6,861	(1,208)	(1,195)	04/10/2018
	IRS	CF		7,587	6,861	(1,208)	(1,195)	04/10/2018
	IRS	CF		3,035	2,744	(486)	(480)	04/10/2018
Aeropuerto de Castellón	IRS	CF		5,605	5,431	(498)	(742)	30/09/2019
Auto-Estradas XXI - Subconcessionaria Transmontana, S.A.	IRS	CF		23,769	21,276	(1,528)	(3,745)	31/12/2029
	IRS	CF		8,665	7,747	(556)	(1,364)	31/12/2029

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	Type of derivative	Type of hedge	% hedged	Notional amount at 31/12/10	Notional amount at 31/12/11	Value at a 31/12/10	Value at a 31/12/11	Maturity
	IRS	CF		15,340	13,731	(986)	(2,417)	31/12/2029
	IRS	CF		23,769	21,276	(1,528)	(3,745)	31/12/2029
	IRS	CF		23,769	21,276	(1,528)	(3,745)	31/12/2029
	IRS	CF		22,601	20,231	(1,452)	(3,561)	31/12/2029
	IRS	CF		12,875	11,525	(827)	(2,029)	31/12/2029
Ciralsa Sociedad Anónima Concesionaria del Estado	IRS	CF		7,083	7,083	(331)	(1,122)	30/12/2024
	IRS	CF		7,083	7,083	(331)	(1,122)	30/12/2024
	IRS	CF		7,083	7,083	(333)	(1,122)	30/12/2024
Metros Ligeros de Madrid	IRS	CF		—	17,830	—	(5,086)	30/06/2034
	IRS	CF		—	18,454	—	(4,145)	31/12/2026
	IRS	CF		—	2,664	—	(760)	30/06/2034
Realia Patrimonio, S.L.U.	IRS	CF		8,064	15,568	(734)	(1,356)	30/06/2014
	IRS	CF		8,064	15,568	(732)	(1,356)	30/06/2014
	IRS	CF		16,128	15,568	(1,403)	(1,421)	30/06/2014
	IRS	CF		16,128	15,568	(1,495)	(1,421)	30/06/2014
	IRS	CF		16,128	15,568	(1,495)	(1,421)	30/06/2014
	IRS	CF		16,128	15,568	(1,463)	(1,421)	30/06/2014
	IRS	CF		8,064	15,568	(748)	(1,398)	30/06/2014
	IRS	CF		8,064	15,568	(734)	(1,398)	30/06/2014
	IRS	CF		16,128	7,784	(1,403)	(710)	30/06/2014
	IRS	CF		16,128	7,784	(1,495)	(710)	30/06/2014
	IRS	CF		16,128	7,784	(1,495)	(701)	30/06/2014
	IRS	CF		16,128	7,784	(1,463)	(701)	30/06/2014
	IRS	CF		8,064	7,784	(748)	(701)	30/06/2014
	IRS	CF		8,064	7,784	(734)	(701)	30/06/2014
	IRS	CF		8,064	7,784	(734)	(699)	30/06/2014
	IRS	CF		8,064	7,784	(732)	(699)	30/06/2014
Société d'Investissements Inmobiliers Cotée (SIIC) de Paris	IRS	CF		7,798	14,929	(718)	(1,301)	30/06/2014
	IRS	CF		7,798	14,929	(705)	(1,301)	30/06/2014
	IRS	CF		15,595	14,929	(1,436)	(1,363)	30/06/2014
	IRS	CF		15,595	14,929	(1,348)	(1,363)	30/06/2014
	IRS	CF		15,595	7,465	(1,348)	(681)	30/06/2014
	IRS	CF		15,595	7,465	(1,436)	(681)	30/06/2014
	IRS	CF		7,798	7,465	(718)	(672)	30/06/2014
	IRS	CF		7,798	7,465	(705)	(672)	30/06/2014
Hermanos Revilla, S.A.	IRS	CF		1,761	473	(41)	(3)	16/01/2012
Total equity method				1,977,312	1,797,409	(141,228)	(269,556)	

The detail, by maturity, of the notional amount of the hedging transactions arranged at 31 December 2011 is as follows:

	Notional maturity 2012	2013	2014	2015	2016 and subsequent years
Fully consolidated companies	1,348,915	1,786,849	857,591	56,540	553,474
Companies accounted for using the equity method	214,488	169,906	395,428	25,665	991,922

The detail of the financial derivatives arranged by the Company for hedging purposes, but which do not qualify for hedge accounting, is as follows:

	Type of derivative	Type of hedge	Notional amount at 31/12/10	Notional amount at 31/12/11	Value at 31/12/10	Value at 31/12/11	Maturity
Fully consolidated companies							
A.S.A. Abfall Service Zistersdorf GmbH	COLLAR	SP	70,667	65,333	(6,426)	(8,631)	28/03/2024
Autovía Conquense, S.A.	IRS	SP	—	42,111	—	(2,395)	30/06/2024
	IRS	SP	—	21,055	—	(2,395)	28/06/2024
Hermeriel, S.A.	IRS	SP	—	1,500	—	(101)	01/03/2014
	IRS	SP	—	200	—	2	10/05/2012
Total fully consolidated companies			70,667	130,199	(6,426)	(13,520)	
Companies accounted for using the equity method							
Zabalgarbi, S.A.	BARRIER SWAP	SP	3,000	3,000	(263)	(226)	26/01/2014
	COLLAR	SP	4,500	4,500	(428)	(355)	27/01/2014
Suministro de Aguas de Querétaro, S.A. de C.V.	CAP	SP	473	—	—	—	20/01/2011
Nihg South West Health Partnership Limited	CAP	SP	20,571	21,018	55	1	31/03/2014
	CAP	SP	20,571	21,018	56	1	31/03/2014
Total equity method			49,115	49,536	(580)	(579)	

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Following is a detail, by maturity, of the notional amount hedged by derivatives that do not qualify for hedge accounting:

	Notional maturity 2012	2013	2014	2015	2016 and subsequent years
Fully consolidated companies	5,347	7,281	6,864	6,656	104,051
Companies accounted for using the equity method	—	—	49,536	—	—

The following table relates to the fair value of the put options on treasury shares associated with the share option plan for executives and executive directors indicated in Note 19:

Type of derivative	Classification	Amount arranged	Maturity	Fair value 2010 Assets	Fair value 2010 Liabilities	Fair value 2011 Assets	Fair value 2011 Liabilities
First tranche							
CALL	Hedge	61,596	30/09/2013	1,065	—	904	—
PUT	Non-hedging instruments	61,596	30/09/2013	—	37,910		29,560
Swap	Non-hedging instruments	61,596	30/09/2013	4,336	—	3,747	—
				5,401	37,910	4,651	29,560
Second tranche							
CALL	Cobertura	37,065	10/02/2014	2,505	—	2,513	—
PUT	Non-hedging instruments	37,065	10/02/2014	—	18,489	—	13,229
Swap	Non-hedging instruments	37,065	10/02/2014	5,014	—	4,148	—
				7,519	18,489	6,661	13,229

25. TAX MATTERS

This Note describes the headings in the accompanying consolidated balance sheet and consolidated income statement relating to the tax obligations of each of the Group companies, such as deferred tax assets and liabilities, tax receivables and payables and the income tax expense.

Under authorisation 18/89, the Parent of the FCC Group files consolidated income tax returns with all the other Group companies that meet the requirements established by tax legislation. The subsidiaries Cementos Portland Valderrivas, S.A. and Corporación Uniland, S.A. also file consolidated income tax returns and make up their own consolidated tax groups.

Fomento de Construcciones y Contratas, S.A., the subsidiaries composing the FCC Group and the joint ventures have all the years not yet statute-barred open for review by the tax authorities for the taxes applicable to them. The criteria that the tax authorities might adopt in relation to the years open for review could give rise to contingent tax liabilities which cannot be objectively quantified. However, the FCC Group's senior executives consider that the resulting liabilities relating to the years open for review will not significantly affect the Group's equity.

With respect to the years audited, it should be noted that in relation to the companies resident in Spain, the Group has been issued tax assessments in the last four years relating mainly to income tax and has filed the corresponding appeals, unless it has signed assessments on an uncontested basis. The income tax deficiency relating to the appealed assessments amounts to EUR 59.2 million, EUR 25.2 million of which relate to the tax assessments for 1991 to 1994. A judgment has not yet been handed down by the Supreme Court on the corresponding appeal filed by the Group. All of the tax assessments have been provided for.

a) Deferred tax assets and liabilities

The deferred tax assets arise mainly as a result of the differences between the depreciation and amortisation charges and impairment losses that will become deductible from the income tax base in future years. In general, each year the Group companies take the tax credits provided for under tax legislation and, therefore, the deferred tax assets do not include any material tax credit carryforwards.

The tax losses of the subsidiaries were generally offset by deducting from the income tax the investment valuation allowances recognised by the Group companies owning the holding, or by deducting these losses from the consolidated tax base in the case of subsidiaries that file consolidated tax returns. However, certain companies recognised deferred tax assets relating to tax losses amounting to EUR 21,669 thousand, since they considered that there are no doubts as to their recoverability (31 December 2010: EUR 51,817 thousand). Of the changes in the year, EUR 34,054 thousand relate to the reclassification to "Non-Current Assets Classified as Held for Sale" of the subsidiary Giant Cement Holding (see Note 4).

Deferred tax liabilities arose mainly as a result of:

- The differences between the tax base and the carrying amount resulting from the recognition of assets at fair value in connection with the corporate acquisitions in the FCC Group's various business segments, as indicated in Notes 3-b and 5. In general, these liabilities do not represent future cash outflows since they reverse at the same rate as that of the depreciation taken on the revalued assets.
- The depreciation for tax purposes of leased assets and of certain items of property, plant and equipment qualifying for accelerated depreciation for tax purposes, and the accelerated depreciation of the investments made, enabling them to be depreciated in full provided that certain requirements are met.
- The profit of joint ventures that will be included in the income tax base for the following year.
- The deductibility for tax purposes of the goodwill arising on the acquisition of non-resident companies prior to 2008.

In 2011 an increase of EUR 30,092 thousand (31 December 2010: a decrease of EUR 14,437 thousand) was recognised in equity under "Valuation Adjustments" and "Non-Controlling Interests" arising from the tax effect of translation differences and the adjustment of the fair value of financial instruments, with a balancing entry in the related deferred taxes.

Following is a detail of the expected reversal dates of the deferred tax assets and liabilities:

	2012	2013	2014	2015	2016 and subsequent years	Total
Assets	142,470	37,438	25,371	11,216	326,449	542,944
Liabilities	120,539	37,052	27,291	23,208	787,378	995,468

b) Tax receivables and payables

The detail at 31 December 2011 and 2010 of "Current Tax Assets" and "Current Tax Liabilities" is as follows:

Current assets

	2011	2010
VAT refundable (Note 16)	150,806	175,878
Current tax	28,282	38,334
Other taxes, etc. (Note 16)	69,954	61,049
	249,042	275,261

Current liabilities

	2011	2010
VAT payable (Note 23)	258,454	255,560
Current tax	58,425	107,507
Accrued social security and other taxes payable (Note 23)	316,548	302,880
	633,427	665,947

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c) Income tax expense

The income tax expense incurred in 2011 amounts to EUR 27,154 thousand (2010: EUR 97,761 thousand), as shown in the accompanying consolidated income statement. Following is the reconciliation of the expense to the tax charge payable:

	2011			2010		
Consolidated profit before tax from continuing operations			**54,993**			**444,265**
	Increase	Decrease		Increase	Decrease	
Consolidation adjustments and eliminations	204,852	—	204,852	—	(6,940)	(6,940)
Permanent differences	45,182	(99,603)	(54,421)	42,706	(29,795)	12,911
Adjusted consolidated accounting profit			205,424			450,236
Permanent differences with an impact on reserves (*)			—			(2,703)
Temporary differences						
- Arising in the year	262,887	(317,175)	(54,288)	226,605	(222,208)	4,397
- Arising in prior years	300,243	(116,731)	183,512	346,387	(184,194)	162,193
Changes in the scope of consolidation (Note 5)			(12,331)			—
Consolidated taxable profit			322,317			614,123

(*) Deductible expenses and allocable income which, in accordance with accounting standards, are recognised directly in reserves.

Noteworthy in 2011 with respect to the table above was the increase in "Consolidation Adjustments and Eliminations" arising from the impairment loss on goodwill recognised due to the cement business (see Notes 7-b and 28-d) and the decrease due to permanent differences arising from the monetary adjustment to determine the tax relief on the gains arising on the sale of the Torre Picasso and Federico Salmón buildings in Madrid and the Balmes building in Barcelona (see Notes 8 and 9).

	2011	2010
Adjusted consolidated accounting profit	**205,424**	**450,236**
Income tax charge	56,741	131,434
Tax credits and tax relief	(17,616)	(35,058)
Adjustments due to change in tax rate (*)	(22,403)	(50)
Other adjustments	10,432	1,435
Income tax expense	27,154	97,761

(*) Due mainly to the reduction of the tax rate in the UK, mainly in the WRG Group.

26. PENSION PLANS AND SIMILAR OBLIGATIONS

In general, the Spanish Group companies have not established any pension plans to supplement the social security pension benefits. However, pursuant to the Consolidated Pension Fund and Plan Law, in the specific cases in which similar obligations exist, the companies externalise their pension and other similar obligations to employees.

In addition, following authorisation by the Executive Committee, in the past the Parent arranged an insurance policy and paid the premium to cover the payment of benefits relating to death, permanent disability, retirement bonuses and pensions and other situations for, among other employees, certain executive directors and executives. In particular, the contingencies giving rise to benefits are those which entail the extinguishment of the employment relationship for any of the following reasons:

a) Unilateral decision of the Company.
b) Dissolution or disappearance of the Parent for whatever cause, including merger or spin-off.
c) Death or permanent disability.
d) Other causes of physical or legal incapacity.
e) Substantial change in professional terms and conditions.
f) Resignation of the executive on reaching 60 years of age, at the request of the executive and with the consent of the Company.
g) Resignation of the executive on reaching 65 years of age, by unilateral decision of the executive.

The accompanying consolidated income statement does not include any premium payments in 2011 or 2010 in relation to this insurance policy and there was no income from rebates on the premiums paid previously. At 31 December 2011, the fair value of the contributed premiums covers all of the actuarial obligations assumed.

The liability side of the accompanying consolidated balance sheet for 2011 includes the present value, totalling EUR 2,973 thousand (2010: EUR 3,029 thousand), of the amounts payable in relation to the Spanish Group companies' post-employment benefit obligations to former executives. Also, remuneration amounting to EUR 221 thousand in both 2011 and 2010 was paid with a charge to this provision.

Certain of the Group's foreign subsidiaries have undertaken to supplement the retirement benefits and other similar obligations accruing to their employees. The accrued obligations and, where appropriate, the related plan assets were measured by independent actuarial experts using generally accepted actuarial methods and techniques and the related amounts are recognised under "Non Current Provisions – Long-Term Employee Benefit Obligations" in the accompanying consolidated balance sheet, in accordance with IFRSs (see Note 20).

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The main benefits referred to in the preceding paragraph are as follows:

- The accompanying consolidated balance sheet at 31 December 2011 includes the employee benefit obligations of the Waste Recycling Group companies, resident in the UK. These obligations are represented by certain assets assigned to the plans funding the benefits, the fair value of which amounted to EUR 36,658 thousand (31 December 2010: EUR 35,888 thousand), and the actuarial value of the accrued obligations amounted to EUR 43,880 thousand (31 December 2010: EUR 40,927 thousand). The net difference, representing a liability of EUR 7,222 thousand (31 December 2010: EUR 5,039 thousand), was recognised under "Long-Term Provisions" in the accompanying consolidated balance sheet. "Staff Costs" in the accompanying consolidated income statement includes a cost of EUR 643 thousand (31 December 2010: EUR 713 thousand) relating to the net difference between the service cost and the return on the plan assets. The average actuarial rate applied was 4.7% (2010: 5.4%).

- At 31 December 2011, the Alpine Bau Group companies contributed EUR 61,386 thousand (31 December 2010: EUR 59,444 thousand) relating to the actuarial value of their accrued pension and termination benefit obligations. This amount is recognised under "Non Current Provisions" in the accompanying consolidated balance sheet. A cost of EUR 6,527 thousand (31 December 2010: EUR 4,836 thousand) is included in the accompanying consolidated income statement in respect of the aforementioned items. The average actuarial rate applied was 4.7% (2010: 4.5%).

- Lastly, Flightcare Italia, SpA also contributed EUR 10,071 thousand (31 December 2010: EUR 11,237 thousand) to "Non Current Provisions - Long-Term Employee Benefit Obligations" in the accompanying consolidated balance sheet at 31 December 2011. This amount relates to the actuarial value of the accrued obligations, to which no assets have been assigned. "Staff Costs" in the accompanying consolidated income statement includes a cost of EUR 746 thousand (31 December 2010: EUR 532 thousand) relating to the net difference between the service cost and the discounted present value. The average actuarial rate applied was 0.86% (2010: 0.96%).

The detail of the changes in 2011 in the obligations and assets associated with the pension plans is as follows:

2011

Actual evolution of the present value of the obligation

	Waste Recycling Group	Alpine	Flightcare
Balance of obligations at beginning of year	**40,927**	**79,693**	**11,000**
Current service cost	627	7,276	—
Interest cost	2,264	2,989	47
Contributions by participants	46	1,419	699
Actuarial gains/losses	(70)	(1,724)	(658)
Changes due to exchange rate	1,247	1,071	—
Benefits paid in 2011	(1,269)	(8,206)	(1,912)
Past service cost	108	—	—
Balance of obligations at end of year	**43,880**	**82,518**	**9,176**

Actual evolution of the fair value of the plan assets

	Waste Recycling Group	Alpine	Flightcare
Balance of plan assets at beginning of year	**35,888**	**16,813**	**—**
Expected return on assets	2,355	416	—
Actuarial gains/losses	(3,000)	213	—
Changes due to exchange rate	1,094	627	—
Contributions by the employer	1,544	1,038	—
Contributions by participants	46	1,420	—
Benefits paid	(1,269)	(935)	—
Balance of plan assets at end of year	**36,658**	**19,592**	**—**

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Reconciliation of the actual evolution of the obligation less the plan assets to the balance effectively recognised in the balance sheet

	Waste Recycling Group	Alpine	Flightcare
Net balance of obligations less plan assets at end of year	**7,222**	**62,926**	**9,176**
Actuarial gains/losses not recognised in the balance sheet (within the 10% limit)	—	(1,540)	895
Actuarial gains/losses not recognised in the balance sheet to be recognised in subsequent years			
Past service cost not recognised in the balance sheet (IAS 19.58 (b))			
Net balance (liabilities-assets) recognised at end of year	**7,222**	**61,386**	**10,071**

2010

Actual evolution of the present value of the obligation

	Giant (*)	Waste Recycling Group	Alpine	Flightcare
Balance of obligations at beginning of year	**74,294**	**36,195**	**71,034**	**11,796**
Current service cost	1,426	678	4,934	—
Interest cost	4,520	2,108	2,553	108
Contributions by participants	—	50	—	424
Actuarial gains/losses	6,519	2,207	2,597	137
Changes due to exchange rate	6,382	1,151	3,781	—
Benefits paid in the year	(4,891)	(1,496)	(7,247)	(1,465)
Past service cost	—	34	—	—
Business contingencies	—	—	2,041	—
Balance of obligations at end of year	**88,250**	**40,927**	**79,693**	**11,000**

(*) In 2011 the Giant Group is included in the accompanying consolidated financial statements as a discontinued operation.

Actual evolution of the fair value of the plan assets

	Giant (*)	Waste Recycling Group	Alpine	Flightcare
Balance of plan assets at beginning of year	**36,987**	**31,661**	**12,895**	**—**
Expected return on assets	3,676	2,128	324	—
Actuarial gains/losses	—	1,922	254	—
Changes due to exchange rate	2,888	1,006	2,216	—
Contributions by the employer	78	617	2,733	—
Contributions by participants	—	50	—	—
Benefits paid	(3,350)	(1,496)	(1,609)	—
Balance of plan assets at end of year	**40,279**	**35,888**	**16,813**	**—**

(*) In 2011 the Giant Group is included in the accompanying consolidated financial statements as a discontinued operation.

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Reconciliation of the actual evolution of the obligation less the plan assets to the balance effectively recognised in the balance sheet

	Giant (*)	Waste Recycling Group	Alpine	Flightcare
Net balance of obligations less plan assets at end of year	**47,971**	**5,039**	**62,880**	**11,000**
Actuarial gains/losses not recognised in the balance sheet (within the 10% limit)	—	—	(3,436)	237
Actuarial gains/losses not recognised in the balance sheet to be recognised in subsequent years	(23,559)	—	—	—
Past service cost not recognised in the balance sheet (IAS 19.58 (b))	—	—	—	—
Net balance (liabilities-assets) recognised at end of year	**24,412**	**5,039**	**59,444**	**11,237**

(*) In 2011 the Giant Group is included in the accompanying consolidated financial statements as a discontinued operation.

27. GUARANTEE COMMITMENTS TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

At 31 December 2011, the Group had provided EUR 4,907,229 thousand (31 December 2010: EUR 5,372,792 thousand) of guarantees to third parties, mostly consisting of completion bonds provided to government agencies and private-sector customers as security for the performance of construction projects and urban cleaning contracts.

Fomento de Construcciones y Contratas, S.A. and the Group's subsidiaries are acting as defendants in certain lawsuits in relation to the liability inherent to the various business activities carried on by the Group in the performance of the contracts awarded, for which the related provisions have been recognised (see Note 20). The lawsuits, although numerous, represent scantly material amounts when considered individually. Accordingly, on the basis of past experience and the existing provisions, the resulting liabilities would not have a significant effect on the Group's equity.

In relation to the Group companies' interests in businesses managed jointly through unincorporated joint ventures, joint property entities, silent participation agreements and other entities of a similar nature, the venturers share joint and several liabilities with respect to the activity carried on (see Note 13).

28. INCOME AND EXPENSES

a) Operating income

The Group classifies operating income under "Revenue", except for that arising from Group work on non-current assets, grants related to income and expenses chargeable to tenants in the property business, which is recognised as "Other Operating Income" in the accompanying consolidated income statement.

Note 29, "Segment Reporting" shows the contribution of the business lines to consolidated revenue.

The detail of “Other Operating Income” in 2011 and 2010 is as follows:

	2011	2010
Income from sundry services	180,337	193,535
CO_2 emission allowances (Note 30)	43,502	62,784
Compensation received from insurance companies	20,001	15,221
Grants related to income	23,290	22,575
Other income	20,449	17,382
Excessive provisions	34,731	24,385
	322,310	335,882

b) Procurements

The detail of the balance of “Procurements” at 31 December 2011 and 2010 is as follows:

	2011	2010
Work performed by subcontractors and other companies	3,395,751	3,430,666
Purchases and procurements	2,119,324	2,158,939
Other external expenses	312	291
	5,515,387	5,589,896

c) Staff costs

The detail of “Staff Costs” in 2011 and 2010 is as follows:

	2011	2010
Wages and salaries	2,599,465	2,562,649
Social security costs	640,066	640,569
Other staff costs	53,141	54,935
	3,292,672	3,258,153

"Staff Costs" at 31 December 2011 includes EUR 2,323 thousand (the same amount as in 2010) relating to the share option plan (see Note 19).

The average number of employees at the Group, by professional category, in 2011 and 2010 was as follows:

	2011	2010
Managers and university graduates	4,136	4,255
Line personnel (holding further education qualifications)	7,815	7,679
Clerical and similar staff	9,971	10,246
Other salaried employees	69,369	70,113
	91,291	92,293

The average number of employees at the Group, by gender, in 2011 and 2010 was as follows:

	2011	2010
Men	71,910	72,656
Women	19,381	19,637
	91,291	92,293

d) Impairment and gains or losses on disposals of non-current assets

The detail of "Impairment and Gains or Losses on Disposals of Non-Current Assets" in 2011 and 2010 is as follows:

	2011	2010
Gain on disposal of Estacionamientos y Servicios, S.A. (Note 5),	15,665	—
Gain on disposal of the General Servicios I.T.V. Group	—	163,385
Sale of the Federico Salmón and Balmes buildings (Notes 8 and 10)	44,437	—
Sale of Torre Picasso (Note 9)	135,194	—
Gains or losses on disposals of other items of property plant and equipment and intangible assets	15,529	6,657
Impairment of goodwill (Note 7)	(259,417)	(17,000)
Impairment of other items of property, plant and equipment and intangible assets: (Recognition) Reversal (Note 7 and 8)	(50,417)	(4,345)
Other	316	(3,679)
	(98,693)	145,018

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The impairment losses recognised for goodwill in 2011 include notably the impairment loss of EUR 239,026 thousand relating to the Uniland Group, while in 2010 impairment losses of EUR 17,000 thousand were recognised for the goodwill of Flightcare Italia S.p.A. (see Note 7).

e) Other gains or losses

"Other Gains or Losses" in the accompanying consolidated income statement includes notably the provisions of EUR 69,800 thousand (2010: EUR 61,400 thousand) recognised by the Parent in relation to litigation, guarantees, environmental risks and other items under "Non current Provisions" in the consolidated balance sheet (see Note 20).

In addition, the Cementos Portland Group recognised EUR 33,473 thousand in relation to, inter alia, adjustments to the Group's structure to adapt it to current demand in the cement market.

f) Finance income and costs

The detail of the finance income in 2011 and 2010, based on the assets giving rise thereto, is as follows:

	2011	2010
Held-for-trading financial assets	5,753	5,730
Available-for-sale financial assets	1,749	3,801
Held-to-maturity investments	9,592	11,003
Non-current and current loans	41,994	17,283
"Lump-sum payment" construction projects	16,758	7,618
Cash and cash equivalents	13,993	14,064
	89,839	59,499

The detail of the finance costs in 2011 and 2010 is as follows:

	2011	2010
Credit facilities and loans	307,747	230,082
Limited recourse project financing loans	88,721	84,645
Obligations under finance leases	3,717	4,498
Other payables to third parties	32,778	38,909
Assignment of accounts receivable and "lump-sum payment" construction projects	31,539	15,877
Other finance costs	36,839	17,467
	501,341	391,478

g) Changes in fair value of financial instruments

"Changes in Fair Value of Financial Instruments" notably includes the positive change in fair value of the derivatives that do not qualify for hedge accounting associated with the share option plan that amounts to EUR 14,400 thousand (2010: loss of EUR 24,286 thousand) (see Note 19).

h) Result of companies accounted for using the equity method

The detail of "Result of Companies Accounted for Using the Equity Method" is as follows:

	2011	2010
Profit (Loss) for the year (Note 12)	33,286	6,398
Joint ventures	2,635	(1,741)
Associates	30,651	8,139
Gains or losses on disposals	—	6,505
	33,286	12,903

29. SEGMENT REPORTING

a) Business segments

The business segments presented coincide with the business areas, as described in Note 1. The segment information shown in the following tables was prepared in accordance with the management criteria established internally by Group management, which coincide with the accounting policies adopted to prepare and present the Group's consolidated financial statements.

The "Corporate" column includes the financial activity relating to the Group's centralised cash management, operation of the Torre Picasso building and the companies that do not belong to any of the Group's business areas mentioned above.

Income statement by segment

In particular, the information shown in the following tables includes the following items as the segment result for 2011 and 2010:

- All operating income and expenses of the subsidiaries and jointly managed contracts relating to the business carried on by the segment.
- Interest income and expenses arising from segment assets and liabilities, dividends and gains and losses on sales of the financial assets of the segment.
- Share of the result of companies accounted for using the equity method.
- The income tax expense relating to the transactions performed by each segment.
- The "Corporate" column includes, in addition to the aforementioned items, the eliminations due to financial or other transactions between Group segments.
- The contribution of each area to the equity attributable to the shareholders of Fomento de Construcciones y Contratas, S.A. is shown under "Contribution to FCC Group Profit".

	Total Group	Services		Construction	Cement	Energy	Corporate
		Environmental services	Versia				
2011							
Revenue	11,754,765	3,735,415	767,330	6,686,208	609,078	—	(43,266)
Other income	375,951	87,485	27,653	151,345	81,146	—	28,322
Operating expenses	(10,878,393)	(3,124,979)	(680,058)	(6,533,605)	(540,126)	—	375
Depreciation and amortisation charge	(643,516)	(334,377)	(94,632)	(104,709)	(101,565)	—	(8,233)
Other gains or losses	(208,011)	2,680	15,912	13,099	(341,638)	—	101,936
Profit (loss) from operations	**400,796**	**366,224**	**36,205**	**212,338**	**(293,105)**	**—**	**79,134**
Percentage of revenue	3.41%	9.80%	4.72%	3.18%	(48.12%)	—	(182.90%)
Finance income and costs	(411,502)	(234,902)	(32,641)	(81,619)	(53,308)	—	(9,032)
Other financial profit (loss)	32,413	(1,349)	(676)	(3,727)	2,794	—	35,371
Result of companies accounted for using the equity method	33,286	28,834	1,659	16,112	(1,840)	—	(11,479)
Profit before tax from continuing operations	**54,993**	**158,807**	**4,547**	**143,104**	**(345,459)**	**—**	**93,994**
Income tax	(27,154)	(16,346)	2,579	(33,928)	19,681	—	860
Profit for the year from continuing operations	**27,839**	**142,461**	**7,126**	**109,176**	**(325,778)**	**—**	**94,854**
Loss for the year from discontinued operations, net of tax	(24,925)	—	—	—	(10,929)	(13,996)	—

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	Total Group	Services Environmental services	Services Versia	Construction	Cement	Energy	Corporate
Consolidated profit (loss) for the year	**2,914**	**142,461**	**7,126**	**109,176**	**(336,707)**	**(13,996)**	**94,854**
Profit (Loss) attributable to non-controlling interests	105,334	(2,670)	226	5,175	9,270	120	93,213
Profit attributable to the Parent	**108,248**	**139,791**	**7,352**	**114,351**	**(327,437)**	**(13,876)**	**188,067**
Contribution to FCC Group profit	**108,248**	**139,791**	**7,352**	**114,351**	**(234,224)**	**(13,876)**	**94,854**

	Total Group	Services Environmental services	Services Versia	Construction	Cement	Energy	Corporate
2010							
Revenue	11,908,088	3,672,222	846,347	6,693,575	753,335	—	(57,391)
Other income	398,634	81,592	35,733	173,085	94,216	—	14,008
Operating expenses	(10,940,599)	(3,096,162)	(743,092)	(6,511,175)	(630,804)	—	40,634
Depreciation and amortisation charge	(659,217)	(333,246)	(96,400)	(115,100)	(106,548)	—	(7,923)
Other gains or losses	71,029	(895)	150,350	1,215	(19,241)	—	(60,400)
Profit (loss) from operations	**777,935**	**323,511**	**192,938**	**241,600**	**90,958**	**—**	**(71,072)**
Percentage of revenue	6.53%	8.81%	22.80%	3.61%	12.07%	—	123.84%
Finance income and costs	(331,979)	(183,864)	(33,149)	(59,355)	(54,495)	—	(1,116)
Other financial profit (loss)	(14,594)	3,688	3,123	6,800	2,272	—	(30,477)
Result of companies accounted for using the equity method	12,903	26,740	3,270	(1,920)	(1,499)	—	(13,688)
Profit before tax from continuing operations	**444,265**	**170,075**	**166,182**	**187,125**	**37,236**	**—**	**(116,353)**
Income tax	(97,761)	(32,657)	(31,078)	(31,321)	(4,294)	—	1,589
Profit (loss) for the year from continuing operations	**346,504**	**137,418**	**135,104**	**155,804**	**32,942**	**—**	**(114,764)**
Loss for the year from discontinued operations, net of tax	(32,921)	—	—	—	(21,982)	(10,939)	—
Consolidated profit (loss) for the year	**313,583**	**137,418**	**135,104**	**155,804**	**10,960**	**(10,939)**	**(114,764)**
Profit (Loss) attributable to non-controlling interests	(12,330)	(2,985)	64	637	(9,757)	55	(344)
Profit attributable to the Parent	**301,253**	**134,433**	**135,168**	**156,441**	**1,203**	**(10,884)**	**(115,108)**
Contribution to FCC Group profit	**301,253**	**134,433**	**135,168**	**156,441**	**859**	**(10,884)**	**(114,764)**

With regard to "Corporation" in the tables above, the following items are particularly worthy of note in 2011 and 2010:

Revenue

	2011	2010
Torre Picasso	**25,350**	**25,371**
Elimination of inter-segment transactions	**(72,468)**	**(87,242)**
Other	**3,852**	**4,480**
	(43,266)	(57,391)

Contribution to FCC Group profit (Net of tax)

	2011	2010
Gain on the sale of the Federico Salmón and Balmes buildings	36,676	—
Gain on the sale of the Torre Picasso building (Note 9)	121,340	—
Results of the Realia Business accounted for using the equity method	374	335
Results of the Global Vía Group accounted for using the equity method	(14,469)	(20,552)
Share option derivatives and other	11,881	(21,350)
Operation of Torre Picasso (Note 9)	12,723	12,572
Sundry provisions	(48,860)	(42,280)
Non-recurring staff costs	(12,952)	(14,423)
Other	(11,859)	(29,066)
	94,854	(114,764)

Balance sheet by segment

		Services				
	Total Group	Environmental services	Versia	Construction	Cement	Corporate
2011						
ASSETS						
Non-current assets	11,074,062	5,536,070	992,273	1,668,499	1,994,774	882,446
Intangible assets	4,317,029	2,082,217	689,280	559,592	800,295	185,645
Property, plant and equipment	4,601,913	2,714,247	222,531	603,393	1,081,638	(19,896)
Investment property	34,458	6,461	—	34,459	—	(6,462)
Investments accounted for using the equity method	1,115,719	245,442	25,369	—	42,564	578,959
Non-current financial assets	461,999	315,811	30,493	76,497	7,172	32,026
Deferred tax assets	542,944	171,892	24,600	171,173	63,105	112,174
Current assets	11,373,405	2,132,230	485,975	5,884,545	1,287,690	1,582,965
Non-current assets classified as held for sale	1,846,971	—	—	—	684,519	1,162,452
Inventories	1,271,355	85,906	25,316	1,043,195	110,441	6,497
Trade and other receivables	5,496,798	1,590,407	210,042	3,591,808	139,141	(34,600)
Other current financial assets	395,689	167,635	235,240	132,506	99,444	(239,136)
Other current assets	59,951	28,111	2,894	24,825	2,023	2,098
Cash and cash equivalents	2,302,641	260,171	12,483	1,092,211	252,122	685,654
Total assets	22,447,467	7,668,300	1,478,248	7,553,044	3,282,464	2,465,411

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	Total Group	Services Environmental services	Services Versia	Construction	Cement	Corporate
2011						
EQUITY AND LIABILITIES						
Equity	**2,914,940**	**669,677**	**135,381**	**861,726**	**1,149,550**	**98,606**
Non-current liabilities	**7,535,310**	**2,476,494**	**677,710**	**1,499,934**	**382,329**	**2,498,843**
Grants	159,721	33,771	376	122,168	3,406	—
Non current provisions	1,083,109	486,091	52,250	191,763	37,494	315,511
Non-current financial liabilities	5,160,308	1,426,845	582,173	1,058,083	132,017	1,961,190
Deferred tax liabilities	995,468	491,798	36,410	103,305	209,412	154,543
Other non-current liabilities	136,704	37,989	6,501	24,615	—	67,599
Current liabilities	**11,997,217**	**4,522,129**	**665,157**	**5,191,384**	**1,750,585**	**(132,038)**
Liabilities associated with non-current assets classified as held for sale	1,396,653	—	—	—	464,751	931,902
Current provisions	178,887	13,299	544	165,003	41	—
Current financial liabilities	4,830,637	936,519	291,238	846,994	1,177,779	1,578,107
Trade and other payables	5,577,414	1,023,430	208,347	4,119,980	101,810	123,847
Other current liabilities	13,626	1,579	14	5,732	6,204	97
Intra-Group transactions	—	2,547,302	165,014	53,675	—	(2,765,991)
Total equity and liabilities	22,447,467	7,668,300	1,478,248	7,553,044	3,282,464	2,465,411

	Total Group	Services Environmental services	Services Versia	Construction	Cement	Energy	Corporate
2010							
ASSETS							
Non-current assets	**13,393,742**	**5,531,277**	**1,093,382**	**1,701,173**	**2,948,299**	**1,038,847**	**1,080,764**
Intangible assets	5,063,681	2,081,316	763,147	515,487	1,104,295	530,749	68,687
Property, plant and equipment	5,833,737	2,735,409	253,817	669,093	1,686,434	498,482	(9,498)
Investment property	259,033	6,461	—	23,590	—	—	228,982
Investments accounted for using the equity method	1,222,895	226,334	23,890	242,090	39,122	967	690,492
Non-current financial assets	415,799	301,298	20,626	68,208	9,371	3,243	13,053
Deferred tax assets	598,597	180,459	31,902	182,705	109,077	5,406	89,048
Current assets	**8,585,395**	**1,966,588**	**426,142**	**5,396,214**	**796,888**	**55,500**	**(55,937)**
Inventories	1,138,375	56,623	28,853	904,899	136,173	761	11,066
Trade and other receivables	5,491,691	1,521,680	253,218	3,521,899	219,315	17,761	(42,182)
Other current financial assets	225,763	100,682	120,852	117,108	13,115	5,702	(131,696)
Other current assets	50,915	24,743	2,720	14,538	4,325	235	4,354
Cash and cash equivalents	1,678,651	262,860	20,499	837,770	423,960	31,041	102,521
Total assets	21,979,137	7,497,865	1,519,524	7,097,387	3,745,187	1,094,347	1,024,827

	Total Group	Services Environmental services	Services Versia	Construction	Cement	Energy	Corporate
EQUITY AND LIABILITIES							
Equity	**3,206,301**	**617,203**	**133,086**	**878,994**	**1,472,091**	**(7,526)**	**112,453**
Non-current liabilities	**10,962,527**	**2,680,823**	**719,796**	**1,312,167**	**1,829,277**	**642,214**	**3,778,250**
Grants	104,693	20,932	386	80,902	2,473	—	—
Non current provisions	1,047,836	474,913	57,005	186,163	75,221	12,115	242,419
Non-current financial liabilities	8,628,968	1,639,458	634,506	949,206	1,456,681	530,018	3,419,099
Deferred tax liabilities	1,156,043	520,533	27,899	95,896	294,902	100,081	116,732
Other non-current liabilities	24,987	24,987	—	—	—	—	—
Current liabilities	**7,810,309**	**4,199,839**	**666,642**	**4,906,226**	**443,819**	**459,659**	**(2,865,876)**
Current provisions	143,233	14,730	2,801	125,655	47	—	—
Current financial liabilities	1,988,231	784,381	266,841	621,726	272,455	441,676	(398,848)
Trade and other payables	5,662,968	1,032,167	221,334	4,151,898	167,776	17,983	71,810
Other current liabilities	15,877	5,202	34	6,947	3,541	—	153
Intra-Group transactions	—	2,363,359	175,632	—	—	—	(2,538,991)
Total equity and liabilities	21,979,137	7,497,865	1,519,524	7,097,387	3,745,187	1,094,347	1,024,827

NOTE: In 2011 the Energy area was included in the accompanying consolidated financial statements under "Non-Current Assets Classified as Held for Sale" and "Liabilities Associated with Non-Current Assets Classified as Held for Sale" in the "Corporate" column due to the fact that it is a discontinued operation (see Note 4).

Cash flows by segment

	Total Group	Services Environmental services	Services Versia	Construction	Cement	Corporate
2011						
From operating activities	999,439	540,124	102,735	59,448	97,553	199,579
From investing activities	5,222	(316,992)	(115,410)	(73,486)	(35,439)	546,549
From financing activities:	(350,904)	(229,086)	4,921	271,551	(187,318)	(210,972)
Other cash flows	(29,767)	3,264	(260)	(3,071)	(46,633)	16,933
Cash flows for the year	**623,990**	**(2,690)**	**(8,014)**	**254,442**	**(171,837)**	**552,089**
2010						
From operating activities	967,815	489,641	156,231	37,318	260,189	24,436
From investing activities	(507,360)	(356,175)	31,879	(288,534)	(7,115)	112,585
From financing activities	(404,230)	(145,749)	(193,632)	220,601	(235,323)	(50,127)
Other cash flows	(32,036)	4,301	4,362	3,676	(44,204)	(171)
Cash flows for the year	**24,189**	**(7,982)**	**(1,160)**	**(26,939)**	**(26,453)**	**86,723**

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b) Activities and investments by geographical market

Approximately 52% of the Group's business is conducted abroad (2010: 46%).

The breakdown, by market, of the revenue earned abroad by the Group companies in 2011 and 2010 is as follows:

	Total	Services Environmental services	Services Versia	Construction	Cement
2011					
European Union	4,740,506	1,224,364	204,685	3,268,218	43,239
USA	183,291	137,713	39,350	41	6,187
Latin America	467,561	26,351	18,484	422,726	—
Other	771,876	25,860	738	673,850	71,428
	6,163,234	1,414,288	263,257	4,364,835	120,854
2010					
European Union	4,443,696	1,145,077	216,503	3,033,846	48,270
USA	155,531	106,072	35,801	11,033	2,625
Latin America	226,057	3,133	28,817	193,244	863
Other	599,676	56,978	598	433,162	108,938
	5,424,960	1,311,260	281,719	3,671,285	160,696

In accordance with IFRS 8, Segment Reporting, the following information, by geographical area, included in the accompanying consolidated financial statements is shown below:

	Total Group	Spain	UK	Czech Republic	Other European Union countries	USA	Latin America	Other
2011								
ASSETS								
Intangible assets	4,317,029	2,308,335	741,749	1,014	609,691	527,344	128,888	8
Property, plant and equipment	4,601,913	1,883,448	1,456,173	294,328	753,185	103,665	31,537	79,577
Investment property	34,458	—	—	—	27,344	—	—	7,114
Deferred tax assets	542,944	373,282	119,661	1,772	27,696	15,013	5,995	(475)
2010								
ASSETS								
Intangible assets	5,063,681	3,055,770	725,336	897	597,440	582,028	102,210	—
Property, plant and equipment	5,833,737	2,523,778	1,467,515	302,958	813,801	590,726	43,584	91,375
Investment property	259,033	235,443	—	—	23,590	—	—	—
Deferred tax assets	598,597	357,782	135,052	1,787	21,889	76,192	5,873	22

c) Headcount

The average number of employees in 2011 and 2010, by business area, was as follows:

	2011	2010
Services		
Environmental services	49,345	49,513
Versia	10,384	11,201
Construction	27,811	27,583
Cement	3,245	3,529
Corporate	506	467
	91,291	92,293

30. INFORMATION ON THE ENVIRONMENT

At a meeting held on 3 June 2009, the Board of Directors of FCC approved the FCC Group's environmental policy which responded to the initial objectives of the 2009-2010 Corporate Responsibility Master Plan, thereby reinforcing the Group's social responsibility commitment as part of its strategy, and reflecting its considerable involvement in environmental services.

The FCC Group carries on its activities based on commitment and corporate responsibility, compliance with applicable legal requirements, respect for the relationship with its interest groups and its desire to generate wealth and social wellbeing.

Aware of the importance for the FCC Group of the preservation of the environment and the responsible use of available resources and in line with its vocation for service represented by activities with a clear environmental focus, the FCC Group fosters and encourages the following principles throughout the organisation, which form the basis of its contribution to sustainable development:

On-going improvement

To promote environmental excellence through the setting of targets to achieve on-going improvements in the performance of activities, while minimising the negative impacts of the FCC Group's processes, products and services and strengthening the positive impacts.

Control and monitoring

To establish environmental indicator management systems for the operational control of processes, which provide the necessary information for monitoring, assessing, taking decisions on and communicating the FCC Group's environmental efforts, and ensure compliance with the commitments acquired.

Climate change and prevention of pollution

To lead the battle against climate change by implementing processes involving reduced emission of greenhouse gases and by promoting energy efficiency and the use of renewable energies.

To prevent pollution and protect the natural environment through responsible management and consumption of natural resources and by minimising the impact of the emissions, discharges and waste generated and managed as a result of the FCC Group's activities.

Observation of the environment and innovation

To identify the risks and opportunities of the activities with respect to the changing natural environment in order to promote innovation and the use of new technologies, and to generate synergies between the FCC Group's various activities.

Life cycle of the products and services

To intensify environmental considerations in the planning of activities, purchase of materials and equipment and in relationships with suppliers and contractors.

Everyone's participation is needed

To promote awareness and application of the environmental principles among employees and other interest groups.

To share experience of the most excellent practices with the various stakeholders to promote alternative solutions to those already

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established to help achieve a sustainable environment.

This environmental policy is implemented using quality and environmental management systems and follow-up audits which evidence the measures taken by the FCC Group in this area. With regard to environmental risk management, the Group has implemented environmental management systems certified under ISO 14001 standards in the various business areas, which focus on:

a) Compliance with the applicable regulations and achievement of environmental objectives that go beyond external requirements.
b) Decrease in environmental impact through adequate planning.
c) On-going risks analysis and possible improvements.

The basic risk prevention tool is the environmental plan which must be prepared by each operating unit and which consists of:

a) Identification of environmental issues and of applicable legislation.
b) Impact evaluation criteria.
c) Measures to be adopted.
d) A system for measuring the objectives achieved.

By their very nature, the activities of the Environmental Services business line are geared towards environmental protection and conservation, not only through the production activity itself (waste collection, operation and control of landfills, sewer cleaning, treatment and elimination of industrial waste, wastewater treatment, etc.), but also as a result of performing these activities using production techniques and systems designed to reduce environmental impact, on occasions surpassing the requirements stipulated in the regulations governing this area.

The performance of production activities in the Environmental Services area requires the use of specialised structures, plant and machinery that are efficient in terms of environmental protection and conservation. At 31 December 2011, the acquisition cost of the non-current assets assigned to production in the Services area, net of depreciation and amortisation, totalled EUR 4,796,463 thousand (31 December 2010: EUR 4,816,724 thousand). The environmental provisions, mainly for landfill sealing and shutdown expenses, totalled EUR 356,556 thousand (31 December 2010: EUR 353,556 thousand).

The Group's cement companies have non-current assets designed to filter atmospheric gas emissions, honour their commitments relating to the environmental restoration of depleted quarries and apply technologies that contribute to environmentally-efficient process management.

At 31 December 2011, Cementos Portland Valderrivas Group had made environmental investments amounting to EUR 176,909 thousand (2010: EUR 192,856 thousand), which were recognised under “Intangible Assets” and “Property, Plant and Equipment”. The related accumulated depreciation and amortisation charge amounted to EUR 76,506 thousand (2010: EUR 88,251 thousand).

Due to the cement business the Group receives CO_2 emission allowances for no consideration in accordance with the corresponding national allocation plans. In this respect, it should be noted that in 2011 and 2010 the Group received for no consideration emission allowances equivalent to 7,763 thousand tonnes per annum relating to Cementos Portland Valderrivas, S.A., Cementos Alfa, S.A., Lemona Industrial, S.A. and Uniland Cementera, S.A.

In 2010 the aforementioned companies reached an agreement with a financial institution to exchange, during the term of the 2008-2012 National Allocation Plan (NAP), emission allowances received under this Plan (EUAs), for allowances acquired due to investments made in projects in developing countries (CERs). The financial institution guaranteed the Group a premium per tonne traded.

“Other Operating Income” in the accompanying consolidated income statement includes the income from sales transactions relating to greenhouse gas emission allowances in 2011 amounting to EUR 43,502 thousand (2010: EUR 62,784 thousand) (see Note 28-a).

The Construction area adopts environmental practices which make it possible to respect the environment in the performance of construction projects, and minimises its environmental impact through the following measures: reduction of atmospheric dust emissions; noise and vibration control; control of water discharges, with special emphasis on the treatment of effluents generated by construction projects; maximum reduction of waste generation; safeguarding of the biological diversity of animals and plants; protection of urban surroundings due to the occupation, pollution or loss of land, and the development of specific training programs for line personnel involved in the environmental decision-making process. It has also implemented an "Environmental Behaviour Code" which establishes the environmental conservation and protection requirements for subcontractors and suppliers.

Also, it is considered that there were no significant contingencies in relation to the protection and improvement of the environment at 31 December 2011 that might have a material impact on the accompanying consolidated financial statements.

For further information on the matters discussed in this Note, please refer to the Group's Corporate Social Responsibility report, which is published annually on FCC's website, www.fcc.es, among other channels.

31. FINANCIAL RISK MANAGEMENT POLICIES

The concept of financial risk refers to the changes in the financial instruments arranged by the Group as a result of political, market and other factors and the repercussion thereof on the consolidated financial statements.

The FCC Group's risk management philosophy is consistent with its business strategy and seeks to achieve maximum efficiency and solvency at all times. To this end, strict financial risk management and control criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred in the Group's operations, and the risk policy has been integrated into the Group organisation in the appropriate manner.

In line with this risk policy, the FCC Group arranges hedges initially to hedge the underlying transaction and not for speculative purposes.

In view of the Group's activities and the transactions through which it carries on its business, it is currently exposed to the following financial risks:

Capital risk management

The Group manages its capital to ensure that the Group companies are able to continue operating as profitable businesses whilst maximising shareholders' returns.

The strategy of the Group as a whole continues to focus on geographical diversification, namely the development and expansion of its activity in Europe, North and Central America and North Africa.

The cost of capital and the associated risks of each investment project are analysed by the Operational Areas and the Finance Division and are subsequently approved or rejected by the corresponding committee or by the Board of Directors. Other functional areas of the Group may also provide reports if so required.

One of the objectives of this investment analysis, in addition to the habitual objectives (profitability, return period, risk assumed, strategic and market valuation), is to maintain the net debt/EBITDA ratio at a reasonable level and within the range negotiated with banks.

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Financial management, which is responsible for the management of financial risks, periodically reviews the debt-equity ratio and compliance with the financing covenants and the capital structure of the subsidiaries.

Interest rate risk

In order to ensure a position that is in the FCC Group's best interest, an interest rate risk management policy is actively implemented based on the on-going monitoring of markets and assuming different positions based primarily on the asset financed.

Given the nature of the Group's activities, closely linked to inflation, its financial policy consists of ensuring that both its current financial assets, which to a large extent provide natural hedging for its current financial liabilities, and the Group's debt are partially tied to floating interest rates.

Even so, the FCC Group performed interest rate hedging transactions in 2011, ending the year with various hedging instruments of varying maturities on 65.7% of the Group's total net debt, including project structured financing hedges.

Complying with the policy of classifying original instruments as hedges, the FCC Group has arranged interest rate hedges, mainly swaps (IRSs) in which the Group companies pay a fixed rate and receive a floating rate.

Foreign currency risk

A noteworthy consequence of the FCC Group's positioning in international markets is the exposure resulting from net positions in foreign currencies against the euro or in one foreign currency against another when the investment and financing of an activity cannot be made in the same currency.

The FCC Group's general policy is to mitigate, as far as possible, the adverse effect on its financial statements of exposure to foreign currencies, with regard to both transactional and purely equity-related changes. The FCC Group therefore manages the effect that foreign currency risk can have on the balance sheet and the income statement.

The Group actively manages its foreign currency risk by arranging financial transactions in the same currency as that in which the related asset is denominated, i.e. efforts are made, at all times, to obtain in local currency the financing required for the local activity of the company in the country of origin of the investment, with a view to creating a natural hedge or a matching of the cash flows to the financing. However, there are occasions when, due to the weakness of the currency of the country of origin of the investment, this is not possible because long-term financing cannot be obtained in that currency. In this case, financing will be obtained either in the currency of the consolidated group or in the most closely correlated foreign currency.

Foreign currency risk is expressed as the portion of the Group's equity denominated in currencies other than the euro, as indicated in Note 18-f, "Equity", the most noteworthy currency being the pound sterling.

Solvency risk

At 31 December 2011, the FCC Group's net financial debt amounted to EUR 6,277,570 thousand, as shown in the following table:

	2011	2010
Bank borrowings	8,072,069	8,524,821
Debt instruments and other marketable securities	705,199	680,650
Other interest-bearing financial debt	195,328	447,675
Current financial assets	(392,766)	(225,763)
Cash and cash equivalents	(2,302,641)	(1,678,651)
Net financial debt	6,277,189	7,748,732
Net limited recourse debt	(2,052,298)	(2,760,615)
Net borrowings with recourse	4,224,891	4,988,117

The most relevant ratio for the purposes of measuring solvency and debt repayment capacity is net debt/EBITDA. The Group's ratios are reasonable and fulfil the conditions negotiated with banks.

Liquidity risk

This risk results from the timing mismatches between the funds generated by the activities and the funds needed for the payment of debts, working capital etc.

The FCC Group is present in various markets in order to facilitate the obtainment of financing and to mitigate liquidity risk.

Despite the adverse situation that affected the financial markets throughout 2011, the FCC Group has remained adequately positioned and has anticipated any potential adversity by paying close attention to the evolution of the factors that may help to resolve liquidity difficulties in the future and to the various sources of financing and their characteristics.

To ensure adequate management of this risk, the FCC Group closely monitors the maturities of all the credit lines and financing so that they can be renewed in sufficient time and on the best terms offered by the market, analyses the suitability of the financing on a case-by-case basis and studies alternatives with more favourable terms, where necessary.

In order to diversify its liquidity risk, the FCC Group operates with over 130 Spanish and international financial institutions.

The detail of the credit lines granted at consolidated level at 31 December 2011, taking into account only current and non-current bank borrowings and excluding the items accounted for as non-recourse borrowings, amounts payable under finance leases and accrued interest payable, is as follows:

	Amount granted	Undrawn balance	Balance drawn down
Consolidated	7,062,840	827,311	6,235,529

Credit risk
The provision of services or the acceptance of orders from customers, whose financial solvency cannot be guaranteed at the time of acceptance, is not known or cannot be assessed by the Group, together with situations that may arise during the provision of a service or execution of an order that could affect the customer's financial position could result in the risk of non-payment of the amounts owed.

The Group requests commercial reports and assesses the financial solvency of its customers before entering into agreements with them and also engages in on-going monitoring of customers, and has a procedure in place to be followed in the event of insolvency. In the case of public customers, the Group follows the policy of not accepting projects without an allocated budget and financial approval.

The following risks arose in 2011:

1. Delay in investment in the construction of infrastructures for certain Spanish public customers, due to restrictions applied to investments as a result of the current economic and financial crisis, which led to the rescheduling of certain construction work over a longer period of time. This situation was mitigated by an increase in the presence abroad and the obtainment of new contracts with new customers, the success of which is reflected in the foreign business in the Construction area and in the significant growth in the overseas backlog.
2. Delay in collection from certain public customers for the provision of urban environmental services due to the economic crisis which has affected the financial equilibrium of public customers. Permanent monitoring and control committees have been established to minimise the volume of assets generated and thereby reduce the financial cost assumed and prevent it from increasing in the future. Credit risk can also be due to counterparty breach of a financial asset, equivalents or derivatives contract. To manage this risk, the FCC Group restricts the use of these contracts to cases where the counterparties are credit institutions with proven creditworthiness and solvency. These contracts are also arranged with a large number of institutions, thereby diversifying the risk.

Concentration risk
This risk arises from the concentration of financing transactions with common features such as:

- Sources of financing: the FCC Group obtains financing from over 130 Spanish and international banks.
- Markets/geographical area (Spanish, foreign): the FCC Group operates in a wide variety of Spanish and international markets and 87% of the Group’s debt is concentrated in euros and 13% in various currencies in several international markets.

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- Products: the FCC Group arranges a broad spectrum of financial products, including loans, credit facilities, debt instruments, syndicated transactions and discounting facilities.
- Currency: the FCC Group finances its operations in a wide variety of currencies. Although there is a significant concentration of investments in euros, US dollars and pounds sterling, investments tends to be financed in the local currency provided this is possible in the country of origin.

Sensitivity analysis

In relation to the sensitivity test on hedging derivatives and net debt, the amounts obtained in relation to the derivatives in force at year-end with an impact on equity and in the income statement after applying, where applicable, the related percentage of ownership, are shown below (in thousands of euros): In this respect, in view of the possible instability of the financial markets, the sensitivity test was performed using, on the one hand, three upward scenarios of the interest rate curve at 31 December 2011, assuming an increase in the curve of 50 bp, 100 bp and 125 bp and, on the other hand, a downwards scenario of the interest rate curve of 100 bp, 75 bp and 50 bp.

	Hedging derivatives					
	-100 b.p.	-75 b.p.	-50 b.p.	+50 b.p.	+100 b.p.	+125 b.p.
Impact on equity (full consolidation)	(47,873)	(38,904)	(26,832)	25,922	51,724	64,231
Impact on equity (equity method)	(114,247)	(84,049)	(54,973)	52,039	102,513	125,662

With regard to derivatives that do not qualify for hedge accounting it should be noted that the impact on the income statement of application of the sensitivity test on the same terms indicated above would be irrelevant.

As in the case of derivatives, a table is shown below summarising the effect that the aforementioned upwards and downwards changes in the interest rate curve (+50 bp, +100 bp, +125 bp, and -100 bp, -75 bp and -50 bp, respectively) and in the interest rates on the net debt, after excluding any hedged debt, would have on the FCC Group's consolidated income statement:

	Net debt					
	-100 b.p.	-75 b.p.	-50 b.p.	+50 b.p.	+100 b.p.	+125 b.p.
Impact on the income statement	(32,901)	(24,675)	(16,450)	16,450	32,901	41,126

32. INFORMATION ON RELATED PARTY TRANSACTIONS

a) Transactions with directors of the Parent and senior executives of the Group

The amounts accrued in 2011 in relation to bylaw stipulated emoluments for members of the Board of Directors of Fomento de Construcciones y Contratas, S.A. to be paid by the Company or any of the Group companies, joint ventures or associates, totalled EUR 1,974 thousand (2010: EUR 1,937 thousand).

The detail of the fixed and variable remuneration earned by the executive directors of Fomento de Construcciones y Contratas, S.A. in 2011 and 2010 and payable to them by the Company or by any of the Group companies, joint ventures or associates is as follows:

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	2011	2010
Fixed remuneration	3,778	3,724
Variable remuneration	939	1,639
	4,717	5,363

The senior executives listed below, who are not members of the Board of Directors, earned total remuneration of EUR 6,951 thousand in 2011 (2010: EUR 6,668 thousand).

2011 and 2010	
José Luís de la Torre Sánchez	Chairman of FCC Servicios
Miguel Hernanz Sanjuan	General Internal Audit Manager
Dieter Kiefer	Chairman and CEO of Cementos Portland Valderrivas.
José Mayor Oreja	Chairman of FCC Construcción, S.A.
Victor Pastor Fernández	General Finance Manager
Antonio Gómez Ciria	General Administration and Information Technologies Manager
Eduardo González Gómez	General Innovation and Sustainability Manager
José Manuel Velasco Guardado	General Communication and Corporate Responsibility Manager
Francisco Martín Monteagudo	General Human Resources Manager

The payments made by the Group in relation to the insurance policy taken out for, among others, certain executive directors and executives of Fomento de Construcciones y Contratas, S.A. or the Group are disclosed in Note 26, "Pension plans and similar obligations".

Except as indicated in Note 26, no other remuneration, advances, loans or guarantees were granted to the Board members.

In relation to the investments held by the directors of Fomento de Construcciones y Contratas, S.A., or persons related to them, in the share capital of companies outside the FCC Group; or in relation to whether they, as independent professionals or as employees, engage in a similar or complementary activity to that which constitutes the company object of the Group; or in relation to whether they themselves or a person acting on their behalf have performed, with the Company or with any company of the same Group, other transactions outside the course of the Company's ordinary business operations or in conditions that were not on an arms-length basis; it should be mentioned that the aforementioned directors have stated that they or persons related to them:

- Do not carry on, as independent professionals or as employees, any activity that is identical, similar or complementary to the activity that constitutes the Company's object.
- Do not own any investments in the share capital of companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the company object of Fomento de Construcciones y Contratas, S.A.
- Had not performed, with the Company or any company of the same Group, other transactions outside the course of the Company's ordinary business operations, or in conditions that were not on an arm's length basis.

The foregoing does not include the director B-1998, S.L. which has notified that its representative, Esther Koplowitz Romero de Juseu is also a member of the Board of Directors of Veolia Environnement, S.A. Henri Proglio is also a member of the Board of Directors of Veolia Environnement, S.A. and Chairman of Electricité de France (EDF).

The detail of the directors who hold positions at companies in which Fomento de Construcciones y Contratas, S.A. holds a direct or indirect ownership interest is as follows:

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Name or company name of director	Group company name	Position
CARTERA DEVA, S.A.	CEMENTOS PORTLAND VALDERRIVAS, S.A. REALIA BUSINESS, S.A.	DIRECTOR DIRECTOR
EAC INVERSIONES CORPORATIVAS, S.L.	CEMENTOS PORTLAND VALDERRIVAS, S.A. FCC CONSTRUCCIÓN, S.A. REALIA BUSINESS, S.A.	DIRECTOR DIRECTOR DIRECTOR
DON FERNANDO FALCÓ FERNÁNDEZ DE CÓRDOVA	FCC CONSTRUCCIÓN, S.A. WASTE RECYCLING GROUP LIMITED REALIA BUSINESS, S.A.	DIRECTOR DIRECTOR DIRECTOR
DON RAFAEL MONTES SÁNCHEZ	FCC CONSTRUCCIÓN, S.A. CEMENTOS PORTLAND VALDERRIVAS, S.A. ALPINE HOLDING GMBH REALIA BUSINESS, S.A.	DIRECTOR DIRECTOR DIRECTOR DIRECTOR
DON JUAN CASTELLS MASANA	WASTE RECYCLING GROUP LIMITED CEMENTOS PORTLAND VALDERRIVAS, S.A. ALPINE HOLDING GMBH	DIRECTOR DIRECTOR DIRECTOR
DON BALDOMERO FALCONES JAQUOTOT	FCC ENERGÍA, S.A. Unipersonal (Sole-Shareholder Company) FCC POWER GENERATION, S.L. Unipersonal (Sole-Shareholder Company)	CHAIRMAN CHAIRMAN
DON FELIPE B. GARCÍA PÉREZ	FCC ENERGÍA, S.A. Unipersonal (Sole-Shareholder Company) FCC ENVIRONMENTAL LLC. FCC POWER GENERATION, S.L. Unipersonal (Sole-Shareholder Company)	DIRECTOR DIRECTOR DIRECTOR
DON JAVIER RIBAS	FCC ENVIRONMENTAL LLC. ALPINE HOLDING GMBH	DIRECTOR DIRECTOR

These directors hold positions or discharge functions and/or hold ownership interests of less than 0.01% in all cases in other FCC Group companies in which Fomento de Construcciones y Contratas, S.A. directly or indirectly holds a majority of the voting power.

Following is a detail of the significant transactions giving rise to a transfer of resources or obligations between Group companies and their executives or directors:

Name or company name of the directors or executives	Name or company name of the Group company or entity	Type of transaction	Type of relationship	Amount
Dominum Desga, S.A.	Servicios Especiales de Limpieza, S.A.	Contractual	Cleaning services	3,772
B-1998, S.L.	FCC Medio Ambiente, S.A.	Contractual	Cleaning services	1,801

b) Transactions between Group companies or entities

Numerous transactions take place between the Group companies as part of the Group's normal business activities which, in any event, are eliminated in the preparation of the consolidated financial statements.

The revenue recognised in the accompanying consolidated income statement includes EUR 313,909 thousand (2010: EUR 340,623 thousand) relating to Group company billings to associates and joint ventures.

The Group's consolidated financial statements also include purchases from associates and joint ventures amounting to EUR 105,291 thousand (2010: EUR 72,760 thousand).

c) Mechanisms established to detect, determine and resolve possible conflicts of interests between the Parent and/or its Group and its directors, executives or significant shareholders

The FCC Group has established precise mechanisms to detect, determine and resolve possible conflicts of interests between the Group companies and their directors, executives and significant shareholders, as indicated in Article 25 of the Board's Regulations.

33. FEES PAID TO AUDITORS

The 2011 and 2010 fees for financial audit services and for other professional services provided to the various Group companies and joint ventures composing the FCC Group by the principal auditor and by other auditors participating in the audit of the various Group companies, and by entities related to them, both in Spain and abroad, are shown in the following table:

		2011		2010
Fees for financial audit services		6,361		6,331
Principal auditor	3,810		3,755	
Other auditors	2,551		2,576	
Fees for other services		5,166		7,541
Principal auditor	584		444	
Other auditors	4,582		7,097	
		11,527		13,872

34. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group (see Note 2.1). Certain accounting practices applied by the Group that conform to that regulatory framework may not conform to other generally accepted accounting principles and rules.

APPENDIX I SUBSIDIARIES (FULLY CONSOLIDATED)

Company	Registered office	Effective percentage of ownership	Auditor
ENVIRONMENTAL SERVICES			
Abastecimientos y Saneamientos del Norte, S.A. Unipersonal	Uruguay, 11 - Vigo (Pontevedra)	100.00	
Abrantaqua-Serviço de Aguas Residuais Urbanas do Municipio de Abrantes, S.A.	Portugal	60.00	Ernst & Young
Acque di Caltanissetta, S.p.A.	Italy	89.28	Ernst & Young
Adobs Orgànics, S.L.	Sant Benet, 21 - Manresa (Barcelona)	60.00	
AEBA, Ambiente y Ecología de Buenos Aires, S.A.	Argentina	52.50	Estudio Torrent Auditores
Aguas Torrelavega, S.A.	La Viña, 4 - Torrelavega (Cantabria)	51.00	Audinfor
Aigües de l'Alt Empordà, S.A. - in liquidation-	Lluis Companys, 43 - Roses (Girona)	51.40	
Aigües de Vallirana, S.A. Unipersonal	Conca de Tremp, 14 - Vallirana (Barcelona)	100.00	
Alfonso Benítez, S.A.	Federico Salmón, 13 - Madrid	100.00	PriceWaterhouseCoopers
Apex/FCC Llc.	USA	51.00	
Aqua Campiña, S.A.	Avda. Blas Infante, 6 - Écija (Sevilla)	90.00	Audinfor
Aquaelvas - Aguas de Elvas, S.A.	Portugal	100.00	Ernst & Young
Aquafundalia-Agua do fundao, S.A.	Portugal	100.00	

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Company	Registered office	Effective percentage of ownership	Auditor
Aqualia Czech, S.L.	Ulises, 18 - Madrid	100.00	Ernst & Young
Aqualia Gestión Integral del Agua, S.A.	Federico Salmón, 13 - Madrid	100.00	Ernst & Young
Aqualia Infrastructures Inzenyring s.r.o.	Czech Republic	100.00	Ing. Ladislav Balaz
Aqualia Infrastructures de México, S.A. de C.V.	Mexico	100.00	Ernst & Young
Aqualia Infrastructures, S.A.	Ulises, 18 - Madrid	100.00	Ernst & Young
Aqualia Infrastructures Montenegro (AIM) DOO Niksic	Montenegro	100.00	
Aqualia New Europe B.V.	Netherlands	51.00	Ernst & Young
Aquamaior-Aguas de Campo Maior, S.A.	Portugal	100.00	Ernst & Young
Armigesa, S.A.	Plaza de la Constitución, 1 - Armilla (Granada)	51.00	
Augas Municipais de Arteixo, S.A.	Plaza Alcalde Ramón Dopico - Arteixo (La Coruña)	51.00	PriceWaterhouseCoopers
Azincourt Investment, S.L. Unipersonal	Federico Salmón, 13 - Madrid	100.00	Deloitte
Baltecma, Gestión de Residuos Industriales, S.L.	Conradors, parcela 34 P.I. Marratxi - Marratxi (Islas Baleares)	70.00	
Cartagua, Aguas do Cartaxo, S.A.	Portugal	60.00	Ernst & Young
Castellana de Servicios, S.A.	Federico Salmón, 13 - Madrid	100.00	PriceWaterhouseCoopers
Chemipur Químicos, S.L. Unipersonal	Pincel, 25 - Sevilla	100.00	
Colaboración, Gestión y Asistencia, S.A.	Federico Salmón, 13 - Madrid	100.00	
Compañía Catalana de Servicios, S.A.	Balmes, 36 - Barcelona	100.00	PriceWaterhouseCoopers
Compañía de Control de Residuos, S.L.	Peña Redonda, 27 - P.I. Silvota - Llanera (Asturias)	64.00	
Compañía Onubense de Aguas, S.A.	Avda. Martín Alonso Pinzón, 8 - Huelva	60.00	
Corporación Inmobiliaria Ibérica, S.A.	Ulises, 18 - Madrid	100.00	
Cristales Molidos, S.L.	Partida San Gregorio - Cadrete (Zaragoza)	100.00	
Dédalo Patrimonial, S.L. Unipersonal	Federico Salmón, 13 - Madrid	100.00	
Depurplan 11, S.A.	San Miguel, 4 3ºB - Zaragoza	100.00	Audinfor
Depurtebo, S.A.	San Pedro, 57 - Zuera (Zaragoza)	100.00	
Ecoactiva de Medio Ambiente, S.A.	Ctra. Puebla Albortón a Zaragoza Km. 25	60.00	
Ecodeal-Gestao Integral de Residuos Industriais, S.A.	Portugal	53.62	PriceWaterhouseCoopers
Ecogenesis Société Anonime Rendering of Cleansing and Waste Management Services	Greece	51.00	
Ecoparque Mancomunidad del Este, S.A.	Federico Salmón, 13 - Madrid	100.00	Audinfor
Egypt Environmental Services, S.A.E.	Egypt	100.00	PriceWaterhouseCoopers
Ekonor, S.A.	Larras de San Juan - Iruña de Oca (Álava)	100.00	PriceWaterhouseCoopers
Ekostone Áridos Siderúrgicos, S.L.	Trinidad, 9 - Getxo (Vizcaya)	51.00	
Empresa Comarcal de Serveis Mediambientals del Baix Penedés - ECOBP, S.L.	Plaza del Centre, 3 - El Vendrell (Tarragona)	66.60	Audinfor
Empresa Mixta de Conservación de la Estación Depuradora de Aguas Residuales de Butarque, S.A.	Princesa, 3 - Madrid	70.00	
Empresa Municipal de Desarrollo Sostenible Ambiental de Úbeda, S.L.	Plaza Vázquez de Molina, s/n -Úbeda (Jaén)	90.00	Audinfor
Entemanser, S.A.	Castillo, 13 - Adeje (Santa Cruz de Tenerife)	97.00	Ernst & Young
Enviropower Investments Limited	UK	100.00	Deloitte
F.S. Colaboración y Asistencia, S.A.	Ulises, 18 - Madrid	65.00	Audinfor
FCC Ámbito, S.A.	Federico Salmón, 13 - Madrid	100.00	PriceWaterhouseCoopers
FCC Environmental Llc.	USA	100.00	
FCC Lubricants Llc.	USA	51.00	
FCC Medio Ambiente, S.A.	Federico Salmón, 13 - Madrid	100.00	PriceWaterhouseCoopers

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Company	Registered office	Effective percentage of ownership	Auditor
Focsa Services, U.K. Ltd.	UK	100.00	Deloitte
Focsa Serviços de Saneamento Urbano de Portugal, S.A.	Portugal	100.00	PriceWaterhouseCoopers
Gamasur Campo de Gibraltar, S.L.	Antigua Ctra. de Jimena de la Frontera, s/n - Los Barrios (Cádiz)	85.00	PriceWaterhouseCoopers
Gandia Serveis Urbans, S.A.	LLanterners, 6 - Gandia (Valencia)	65.00	
GEMECAN, Gestora Medioambiental y de Residuos, S.L.	Josefina Mayor, 12 - Telde (Las Palmas)	100.00	
Geneus Canarias, S.L. Unipersonal	Electricista, 2. U. I. de Salinetas - Telde (Las Palmas)	100.00	
Gestió i Recuperació de Terrenys, S.A.	Rambla Catalunya, 2-4 - Barcelona	80.00	Audinfor
Gonzalo Mateo, S.L.	Partida San Gregorio - Cadrete (Zaragoza)	100.00	PriceWaterhouseCoopers
Graver Española, S.A. Unipersonal	Epalza, 8 - Bilbao (Vizcaya)	100.00	Audinfor
A.S.A. Group	Austria		
1. Polabská	Czech Republic	100.00	
.A.S.A. Abfall Service AG	Austria	100.00	PriceWaterhouseCoopers
.A.S.A. Abfall Service Betriebs GmbH	Austria	100.00	
.A.S.A. Abfall Service Halbenrain GmbH	Austria	99.80	
.A.S.A. Abfall Service Industrieviertel Betriebs GmbH	Austria	100.00	
.A.S.A. Abfall Service Neunkirchen GmbH	Austria	100.00	
.A.S.A. Abfall Service Zistersdorf GmbH	Austria	100.00	PriceWaterhouseCoopers
.A.S.A. AbfallService Halbenrain GmbH & Co Nfg KG	Austria	100.00	PriceWaterhouseCoopers
.A.S.A. AbfallService Industrieviertel GmbH & Co Nfg KG	Austria	100.00	
.A.S.A. AbfallService Wiener Neustadt GmbH	Austria	100.00	
.A.S.A. Bulgaria E.O.O.D.	Bulgaria	100.00	PriceWaterhouseCoopers
.A.S.A. Ceské Budêjovice s.r.o	Czech Republic	75.00	PriceWaterhouseCoopers
.A.S.A. Dacice s.r.o	Czech Republic	60.00	
.A.S.A. EKO d.o.o	Serbia	100.00	PriceWaterhouseCoopers
.A.S.A. EKO Polska sp. z.o.o.	Poland	100.00	PriceWaterhouseCoopers
.A.S.A. EKO s.r.o.	Slovakia	100.00	
.A.S.A. EKO Znojmo s.r.o	Czech Republic	49.72	PriceWaterhouseCoopers
.A.S.A. Es Únanov s.r.o.	Czech Republic	60.41	
.A.S.A. Finanzdienstleistungen GmbH	Austria	100.00	
.A.S.A. Hódmezövásárhel y Köztisztasági Kft	Hungary	61.83	PriceWaterhouseCoopers
.A.S.A. Hp Spol. s.r.o.	Czech Republic	100.00	PriceWaterhouseCoopers
.A.S.A. International Environmental Services GmbH	Austria	100.00	
.A.S.A. Kikinda d.o.o.	Serbia	80.00	PriceWaterhouseCoopers
.A.S.A. Kisalföld Szállító Környezetvédelmi És H Kft	Hungary	100.00	
.A.S.A. Liberec s.r.o.	Czech Republic	55.00	PriceWaterhouseCoopers
.A.S.A. Lubliniec sp. z.o.o.	Poland	61.97	
.A.S.A. Magyarország Környezetvédelem És H Kft	Hungary	100.00	PriceWaterhouseCoopers
.A.S.A. Odpady Litovel s.r.o.	Czech Republic	49.00	
.A.S.A. Olsava spol. s.r.o.	Slovakia	100.00	
.A.S.A. Slovensko spol. s.r.o.	Slovakia	100.00	PriceWaterhouseCoopers
.A.S.A. Sluzby Zabovresky s.r.o.	Czech Republic	89.00	
.A.S.A. spol. s.r.o.	Czech Republic	100.00	PriceWaterhouseCoopers

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.A.S.A. Tarnobrzeg sp. z.o.o.	Poland	60.00	
.A.S.A. TRNAVA spol. s.r.o.	Slovakia	50.00	PriceWaterhouseCoopers
.A.S.A. TS Prostejov s.r.o.	Czech Republic	49.00	PriceWaterhouseCoopers
.A.S.A. V.O.D.S. Sanacie s.r.o.	Slovakia	51.00	
.A.S.A. Vilnius UAB	Lithuania	100.00	
.A.S.A. Vrbak d.o.o.	Serbia	51.02	
.A.S.A. Zabcice spol. s.r.o.	Czech Republic	80.00	PriceWaterhouseCoopers
.A.S.A. Zohor spol. s.r.o.	Slovakia	85.00	PriceWaterhouseCoopers
Abfallwirtschaftszentrum Mostviertel GmbH	Austria	100.00	
Bec Odpady s.r.o.	Czech Republic	100.00	PriceWaterhouseCoopers
EKO-Radomsko sp. z.o.o.	Poland	100.00	
Entsorga Entsorgungs GmbH Nfg KG	Austria	100.00	
EnviCon G s.r.o.	Czech Republic	100.00	PriceWaterhouseCoopers
Erd-Kom Érdi Kommunális Hulladékkezelö	Hungary	90.00	PriceWaterhouseCoopers
Inerta Abfallbehandlungs GmbH	Austria	100.00	
Kreindl GmbH	Austria	100.00	
Miejska Przedsiebiorstwo Gospodarki Komunalnej sp. z.o.o. Zabrze	Poland	80.00	PriceWaterhouseCoopers
Obsed a.s.	Czech Republic	100.00	
Quail spol. s.r.o.	Czech Republic	100.00	PriceWaterhouseCoopers
Regios AS	Czech Republic	99.00	PriceWaterhouseCoopers
S.C. A.S.A. Servicii Ecologice SRL	Romania	100.00	PriceWaterhouseCoopers
SC Valmax Impex SRL	Romania	60.00	PriceWaterhouseCoopers
Siewierskie Przedsiebiorstwo Gospodarki Komunalnej sp. z.o.o.	Poland	60.00	
Skladka Uhy spol. s.r.o.	Czech Republic	100.00	PriceWaterhouseCoopers
Technické Sluzby - A S A s.r.o.	Slovakia	100.00	PriceWaterhouseCoopers
Textil Verwertung GmbH	Austria	100.00	
Waste City spol. s.r.o. -in liquidation-	Slovakia	100.00	
Waste Recycling Group:	**UK**		
3C Holdings Limited	UK	100.00	Deloitte
3C Waste Limited	UK	100.00	Deloitte
Airdriehill Quarries Limited	UK	100.00	
Allington O & M Services Limited	UK	100.00	Deloitte
Allington Waste Company Limited	UK	100.00	Deloitte
Anti-Waste (Restoration) Limited	UK	100.00	Deloitte
Anti-Waste Limited	UK	100.00	Deloitte
Arnold Waste Disposal Limited	UK	100.00	Deloitte
BDR Property Limited	UK	80.00	Deloitte
BDR Waste Disposal Limited	UK	100.00	Deloitte
Darrington Quarries Limited	UK	100.00	Deloitte
Derbyshire Waste Limited	UK	100.00	Deloitte
East Waste Limited	UK	100.00	Deloitte
Enviropower Investments Ltd.	UK	100.00	Deloitte
FCC Energy Limited	UK	100.00	

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Company	Registered office	Effective percentage of ownership	Auditor
FCC Environmental Services Limited	UK	100.00	
FCC Environmental Services UK Limited	UK	100.00	
Finstop Limited	UK	100.00	
Herrington Limited	UK	100.00	
Integrated Waste Management Limited	UK	100.00	Deloitte
Kent Conservation & Management Limited	UK	100.00	
Kent Energy Limited	UK	100.00	Deloitte
Kent Enviropower Limited	UK	100.00	Deloitte
Landfill Management Limited	UK	100.00	Deloitte
Lincwaste Limited	UK	100.00	Deloitte
Norfolk Waste Limited	UK	100.00	Deloitte
Oxfordshire Waste Limited	UK	100.00	
Pennine Waste Management Limited	UK	100.00	Deloitte
RE3 Holding Limited	UK	100.00	Deloitte
RE3 Limited	UK	100.00	Deloitte
Site&Field Equipment Limited	UK	100.00	
T Shooter Limited	UK	100.00	Deloitte
Waste Recovery Limited	UK	100.00	Deloitte
Waste Recycling Group (Central) Limited	UK	100.00	Deloitte
Waste Recycling Group (Scotland) Limited	UK	100.00	Deloitte
Waste Recycling Group (Yorkshire) Limited	UK	100.00	Deloitte
Waste Recycling Group Limited	UK	100.00	Deloitte
Waste Recycling Limited	UK	100.00	Deloitte
Wastenotts (Reclamation) Limited	UK	100.00	Deloitte
Wastenotts O & M Services Limited	UK	100.00	Deloitte
Welbeck Waste Management Limited	UK	100.00	Deloitte
Winterton Power Limited	UK	100.00	
WRG (LincolnShire) Limited	UK	100.00	Deloitte
WRG (Management) Limited	UK	100.00	Deloitte
WRG (Midlands) Limited	UK	100.00	Deloitte
WRG (Northern) Limited	UK	100.00	Deloitte
WRG Acquisitions 2 Limited	UK	100.00	Deloitte
WRG Berkshire Limited	UK	100.00	Deloitte
WRG Environmental Limited	UK	100.00	Deloitte
WRG PFI Holdings Limited	UK	100.00	Deloitte
WRG Properties Limited	UK	100.00	
WRG Waste Services Limited	UK	100.00	Deloitte
WRG Wrexham PFI Holdings Limited	UK	65.00	Deloitte
WRG Wrexham PFI Limited	UK	65.00	Deloitte
Hidrotec Tecnología del Agua, S.L. Unipersonal	Pincel, 25 - Sevilla	100.00	
Instugasa, S.L. Unipersonal	La Presa , 14 - Adeje (Santa Cruz de Tenerife)	100.00	Ernst & Young
Integraciones Ambientales de Cantabria, S.A.	Barrio la Barquera, 13 - Torres - Reocín - Cartes (Cantabria)	70.00	PriceWaterhouseCoopers

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Company	Registered office	Effective percentage of ownership	Auditor
International Petroleum Corp. of Delaware	USA	100.00	
International Services Inc., S.A. Unipersonal	Arquitecto Gaudí, 4 - Madrid	100.00	
Inversora Riutort, S.L.	Berlín, 38-43 - Barcelona	100.00	
Jaime Franquesa, S.A.	P.I. Zona Franca Sector B calle D49 - Barcelona	100.00	
Jaume Oro, S.L.	Avda. de Les Garrigues, 15 - Bellpuig (Lleida)	100.00	
Limpieza e Higiene de Cartagena, S.A.	Luis Pasteur, 6 - Cartagena (Murcia)	90.00	PriceWaterhouseCoopers
Limpiezas Urbanas de Mallorca, S.A.	Ctra. San Margalida-Can Picafort - Santa Margalida (Islas Baleares)	100.00	Audinfor
Manipulación y Recuperación MAREPA, S.A.	Av. San Martín de Valdeiglesias, 22 - Alcorcón (Madrid)	100.00	PriceWaterhouseCoopers
Municipal de Serveis, S.A.	Joan Torrà i Cabrosa, 7 - Girona	80.00	Cataudit Auditors Associats
Nilo Medioambiente, S.L. Unipersonal	Pincel, 25 - Sevilla	100.00	Audinfor
Onyx Gibraltar, Ltd.	UK	100.00	
Ovod spol. s.r.o.	Czech Republic	100.00	Ing. Ladislav Balaz
Recuperació de Pedreres, S.L.	Rambla de Catalunya, 2 - Barcelona	80.00	PriceWaterhouseCoopers
Saneamiento y Servicios, S.A.	Federico Salmón, 13 - Madrid	100.00	PriceWaterhouseCoopers
Serveis d'Escombreries i Neteja, S.A.	Coure, s/n - P.I. Riu Clar - Tarragona	100.00	
Servicios de Levante, S.A.	Ctra. de Valencia Km. 3 - Castellón de la Plana (Castellón)	100.00	PriceWaterhouseCoopers
Servicios Especiales de Limpieza, S.A.	Federico Salmón, 13 - Madrid	100.00	PriceWaterhouseCoopers
Serveis Municipals de Neteja de Girona, S.A.	Pl. del Vi, 1 - Girona	75.00	
Severomoravské Vodovody a Kanalizace Ostrava A.S.	Czech Republic	98.68	Ernst & Young
Sociedad Española de Aguas Filtradas, S.A.	Ulises, 18 - Madrid	100.00	Ernst & Young
Sociedad Ibérica del Agua, S.I.A., S.A. Unipersonal	Federico Salmón, 13 - Madrid	100.00	
Societat Municipal Medioambiental d'Igualada	Pl. del Ajuntament, 1 - Igualada (Barcelona)	65.91	
Telford & Wrekin Services, Ltd.	UK	100.00	Deloitte
Tratamiento Industrial de Aguas, S.A.	Federico Salmón, 13 - Madrid	100.00	Audinfor
Tratamiento y Reciclado Integral de Ocaña, S.A.	Federico Salmón, 13 - Madrid	100.00	
Tratamientos y Recuperaciones Industriales, S.A.	Rambla de Catalunya, 2-4, P.5 - Barcelona	75.00	PriceWaterhouseCoopers
Valoración y Tratamiento de Residuos Urbanos, S.A.	Riu Magre, 6 - P.I. Patada del Cid - Quart de Poblet (Valencia)	80.00	
Valorización y Tratamiento de Residuos, S.A.	Alameda de Mazarredo, 15-4º A - Bilbao (Vizcaya)	100.00	Audinfor
VERSIA			
Aparcamientos Concertados, S.A.	Arquitecto Gaudí, 4 - Madrid	100.00	PriceWaterhouseCoopers
Beta de Administración, S.A.	Federico Salmón, 13 - Madrid	100.00	Centium
C.G.T. Corporación General de Transportes, S.A.	Federico Salmón, 13 - Madrid	100.00	
Camusa Corporación Americana de Mobiliario Urbano, S.A.	Argentina	100.00	
Cemusa Amazonia, S.A.	Brazil	100.00	PriceWaterhouseCoopers
Cemusa Boston, Llc.	USA	100.00	
Cemusa Brasilia, S.A.	Brazil	100.00	PriceWaterhouseCoopers
Cemusa do Brasil Ltda.	Brazil	100.00	PriceWaterhouseCoopers
Cemusa, Corporación Europea de Mobiliario Urbano, S.A.	Francisco Sancha, 24 - Madrid	100.00	PriceWaterhouseCoopers
Cemusa Inc.	USA	100.00	PriceWaterhouseCoopers

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Company	Registered office	Effective percentage of ownership	Auditor
Cemusa Italia, S.R.L.	Italy	100.00	
Cemusa Miami, Llc.	USA	100.00	
Cemusa Miami, Ltd.	USA	100.00	
Cemusa NY, Llc.	USA	100.00	
Cemusa Portugal, Companhia de Mobiliario Urbano e Publicidade, S.A.	Portugal	100.00	PriceWaterhouseCoopers
Cemusa Rio, S.A.	Brazil	100.00	PriceWaterhouseCoopers
Cemusa Salvador, S.A.	Brazil	65.00	PriceWaterhouseCoopers
Conservación y Sistemas, S.A.	Federico Salmón, 13 - Madrid	100.00	PriceWaterhouseCoopers
Equipos y Procesos, S.A.	Conde de Peñalver, 45 - Madrid	80.73	
Estacionamientos y Servicios, S.A.	Federico Salmón, 13 - Madrid	100.00	
FCC Logística Portugal, S.A.	Portugal	100.00	PriceWaterhouseCoopers
FCC Logística, S.A. Unipersonal	Buenos Aires, 10 P.I. Camporroso - Alcalá de Henares (Madrid)	100.00	PriceWaterhouseCoopers
FCC Versia, S.A.	Federico Salmón, 13 - Madrid	100.00	PriceWaterhouseCoopers
Flightcare Belgium, Naamloze Vennootschap	Belgium	100.00	PriceWaterhouseCoopers
Flightcare Cyprus Limited	Cyprus	75.00	
Flightcare Italia, S.p.A.	Italy	100.00	PriceWaterhouseCoopers
Flightcare, S.L.	Federico Salmón, 13 - Madrid	100.00	PriceWaterhouseCoopers
Geral I.S.V. Brasil Ltda.	Brazil	100.00	
Navegación y Servicios Aeroportuarios, S.A. Unipersonal	Federico Salmón, 13 - Madrid	100.00	
Sistemas y Vehículos de Alta Tecnología, S.A.	Conde de Peñalver, 45 - Madrid	100.00	PriceWaterhouseCoopers
Zona Verde-Promoçao e Marketing Limitada	Portugal	100.00	PriceWaterhouseCoopers
CONSTRUCTION			
Alpetrol, S.A.	Avda. General Perón, 36 - Madrid	100.00	
Alpine Consulting d.o.o.	Slovenia	100.00	
Áridos de Melo, S.L.	Finca la Barca y el Ballestar, s/n - Barajas de Melo (Cuenca)	100.00	Centium
Autovía Conquense, S.A.	Pedro Texeira, 8 - Madrid	100.00	Deloitte
BBR Pretensados y Técnicas Especiales, S.L.	Retama, 5 - Madrid	100.00	Centium
Binatec Al Maghreb, S.A.	Morocco	100.00	
Concesionaria Túnel de Coatzacoalcos, S.A. de C.V.	Mexico	85.59	Deloitte
Concesiones Viales de Costa Rica, S.A.	Costa Rica	100.00	
Concesiones Viales S. de R.L. de C.V.	Mexico	99.97	Deloitte
Conservial, S.L.	Manuel Lasala, 36 - Zaragoza	100.00	
Construction y Filiales Mexicanas, S.A. de C.V.	Mexico	100.00	Deloitte
Constructora Túnel de Coatzacoalcos, S.A. de C.V.	Mexico	55.60	Deloitte
Contratas y Ventas, S.A.	Asturias, 41 - Oviedo (Asturias)	100.00	Deloitte
Desarrollo y Construction DEYCO CRCA, S.A.	Costa Rica	100.00	
Dezvoltare Infraestructura, S.A.	Romania	51.03	
Dizara Inversión, S.L.	Avda. General Perón, 36 - Madrid	100.00	
EHST - European High-Speed Trains SGPS, S.A.	Portugal	85.71	Deloitte

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Company	Registered office	Effective percentage of ownership	Auditor
FCC Actividades de Construction Industrial (1)	Federico Salmón, 12 - Madrid	100.00	Deloitte
FCC Canadá Ltd.	Canada	100.00	
FCC Colombia, S.A.S.	Colombia	100.00	
FCC Construcción, S.A.	Balmes, 36 - Barcelona	100.00	Deloitte
FCC Construcción de Centroamérica, S.A.	Costa Rica	100.00	Deloitte
FCC Construcción Chile, SPA	Chile	100.00	
FCC Construcción Perú, S.A.C.	Peru	100.00	
FCC Construction Polska SP Z.o.o.	Poland	100.00	
FCC Constructii Romania, S.A.	Romania	100.00	
FCC Construction Hungary Kft	Hungary	100.00	Deloitte
FCC Construction I-95 Llc.	USA	100.00	Deloitte
FCC Construction Inc.	USA	100.00	Deloitte
FCC Construction International B.V.	Netherlands	100.00	
FCC Construction Northern Ireland Limited	Ireland	100.00	Deloitte
FCC Construçoes do Brasil, Ltd.	Brazil	100.00	
FCC Elliot UK Limited	UK	50.10	
FCC Industriale SRL	Italy	100.00	
FCC Servicios Industriales y Energéticos, S.A.	Acanto, 22 - Madrid	100.00	Deloitte
FCC Servicios Industriales y Energéticos México, S.A.C.V.	Mexico	100.00	
Fomento de Construcciones y Contratas Construction Ireland Limited	Ireland	100.00	Deloitte
Gavisa Portugal Montagens Eléctricas Lda.	Portugal	97.00	
Alpine Group:			
Acoton Projektmanagement & Bauträger GmbH	Austria	79.10	
Ad Grundbesitzverwaltung GmbH	Germany	80.54	Deloitte
Ajs Acoton Projektmanagement & Bauträger GmbH Co KG	Austria	88.76	
Alpine Aleksandar d.o.o.	Macedonia	86.07	
Alpine Bau CZ s.r.o.	Czech Republic	89.65	Deloitte
Alpine Bau Deutschland AG	Germany	89.47	Deloitte
Alpine Bau GmbH	Austria	89.65	Deloitte
Alpine Bau GmbH A-1 sp.j	Poland	89.65	
Alpine Bau GmbH Schweiz	Switzerland	89.65	Deloitte
Alpine Bau India Private Limited	India	89.65	Thingna & Contractor, Chertered Accountants
Alpine BeMo Tunnelling GmbH	Austria	89.75	Deloitte
Alpine Building Services GmbH	Germany	89.46	
Alpine Bulgaria AD	Bulgaria	45.72	
Alpine Construction Polska sp z.o.o.	Poland	89.46	Deloitte
Alpine d.o.o. Banja Luka	Bosnia Herzegovina	89.65	
Alpine d.o.o. Beograd	Serbia	89.65	
Alpine Energie Cesko spol. s.r.o.	Czech Republic	89.65	Deloitte
Alpine Energie Deutschland GmbH	Germany	89.65	Deloitte
Alpine Energie Holding AG (Austria)	Austria	89.65	
Alpine Energie Holding AG (Germany)	Germany	89.65	

(1) Change of name. Formerly Ibérica de Servicios y Obras, S.A.

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Company	Registered office	Effective percentage of ownership	Auditor
Alpine Energie Luxembourg SARL	Luxembourg	89.65	Deloitte
Alpine Energie Magyarország KFT	Hungary	89.65	Deloitte
Alpine Energie Osterreich GmbH	Austria	89.65	Deloitte
Alpine Energie Schweiz AG	Switzerland	89.65	Deloitte
Alpine Energie Solar Italia GmbH	Austria	89.65	
Alpine Green Energia sp. z.o.o.	Poland	67.12	
Alpine Green Energy Italy SRL	Italy	89.65	
Alpine Holding GmbH	Austria	86.50	Deloitte
Alpine Hungaria Bau GmbH	Hungary	89.65	
Alpine Investment d.o.o.	Bosnia Herzegovina	45.72	
Alpine Liegenschaftsverwertungs GmbH	Austria	89.65	
Alpine Mayreder Construction Co Ltd. AMCC	China	67.24	Beijing Tongdaoxing Certified Public Accountants
Alpine Podgorica d.o.o.	Montenegro	89.65	
Alpine Project Finance and Consulting GmbH	Germany	89.65	
Alpine Rudnik Krecnjaka Lapisnica d.o.o.	Bosnia Herzegovina	45.72	
Alpine Skopje DOOEL	Macedonia	89.65	
Alpine - Slask Budowa sp. z.o.o.	Poland	89.65	
Alpine Slovakia spol s.r.o.	Slovakia	89.65	Deloitte
Alpine Untertagebau GmbH	Germany	89.76	Deloitte
Alpine, S.A.	Romania	89.65	Deloitte
Andezit Stanceni SRL	Romania	89.65	
Arb Holding GmbH (2)	Austria	89.65	
Bautechnische Prüf und Versuchsanstalt GmbH	Austria	89.65	
Bewehrungszentrum Linz GmbH	Austria	89.65	Grant Thornton
Bürozentrum U3 Projekt GmbH	Austria	89.65	
CSS - City Service Solution GmbH	Germany	89.65	
E Gottschall & Co GmbH	Germany	86.50	
Ecoenergetika d.o.o.	Slovenia	89.65	
Fröhlich Bau und Zimmereiunternehmen GmbH	Austria	89.65	
Geotechnik Systems GmbH	Austria	89.65	Grant Thornton
GmbH Alpine (3)	Russia	89.65	
Grados d.o.o. Novi Sad	Serbia	62.46	Deloitte
Grund Pfahl und Sonderbau GmbH	Austria	89.65	
Grund und Sonderbau GmbH	Austria	89.65	Deloitte
Grund und Sonderbau GmbH ZNL Berlín	Austria	89.65	
Hazet Bauunternehmung GmbH	Austria	89.65	Deloitte
Hoch & Tief Bau Beteiligungs GmbH	Austria	87.31	
Ing Arnulf Haderer GmbH	Austria	89.65	
Ingenieurbüro Für Energie - Und Haustechnik Andreas Duba GmbH	Germany	80.52	Deloitte
Kai Center Errichtungs und Vermietungs GmbH	Austria	88.76	
KAPPA d.o.o.	Croatia	62.46	Deloitte
Klöcher Bau GmbH	Austria	89.65	Deloitte

(2) Change of name. Formerly Gregorich GmbH
(3) Change of name. Formerly GmbH Alpine Mayreder.

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Company	Registered office	Effective percentage of ownership	Auditor
Konrad Beyer & Co Spezialbau GmbH	Austria	89.65	Deloitte
MLA Beteiligungen GmbH	Austria	89.65	
Oekotechna Entsorgungs und Umwelttechnik GmbH	Austria	89.65	Unitreu/Agitas
OKTAL Plus d.o.o.	Croatia	62.46	
Osijek - Koteks d.d.	Croatia	62.46	Deloitte
PRO - PART AG	Switzerland	89.65	
PRO-PART Energie GmbH	Switzerland	89.65	
PRO - PART in Austria Handels GmbH	Austria	89.65	
Project Development GmbH	Austria	89.65	
RMG d.o.o.	Bosnia Herzegovina	45.72	
Salzburger Lieferasphalt GmbH & Co OG	Austria	35.86	
Schauer Eisenbahnbau GmbH	Austria	89.65	
Solar Park Serena SRL	Italy	62.76	
Strazevica Kamenolom d.o.o.	Serbia	89.65	
Stump - Geospol s.r.o. Prag	Czech Republic	89.65	Novak & Martin
Stump Hydrobudowa sp. z.o.o. Warschau	Poland	89.65	
Stump Spezial Tiefbau GmbH	Czech Republic	89.65	Deloitte
Thalia Errichtungs und Vermietungs GmbH	Austria	79.10	
Universale Bau GmbH	Austria	89.65	Deloitte
Velicki Kamen d.o.o.	Croatia	62.46	Deloitte
Walter Hamann Hoch Tief und Stahlbetonbau GmbH	Germany	89.46	
Weinfried Bauträger GmbH	Austria	89.65	
Wellnesshotel Épito Kft	Hungary	89.65	
Hermeriel, S.A.	Ferrocarril, 10 - Palencia	100.00	Deloitte
Ibervia Construcciones y Contratas, S.L.	Avda. General Perón, 36 - Madrid	100.00	
Impulsa Infraestructura, S.A. de C.V.	Mexico	52.00	Deloitte
Impulsora de Proyectos PROSERME, S.A. de C.V.	Mexico	100.00	
M&S Concesiones, S.A.	Costa Rica	100.00	
Mantenimiento de Infrastructures, S.A.	Avda. General Perón, 36 - Madrid	100.00	Deloitte
Megaplás Italia, S.p.A.	Italy	100.00	
Megaplás, S.A.	Hilanderas, 4-14 - La Poveda - Arganda del Rey (Madrid)	100.00	Deloitte
Motre, S.L.	Bonastruc de Porta, 20 - Girona	100.00	
Moviterra, S.A.	Bonastruc de Porta, 20 - Girona	100.00	Deloitte
MWG Wohnbau GmbH	Austria	94.83	
Naturaleza, Urbanismo y Medio Ambiente, S.A.	Galena, 11 - Entreplanta - Valladolid	100.00	
Nevasa Inversión, S.L.	Avda. General Perón, 36 - Madrid	100.00	
Norseñal, S.L.	Juan Flórez, 64 - La Coruña	100.00	
Participaciones Teide, S.A.	Avda. General Perón, 36 - Madrid	100.00	
Pedrera Les Gavarres, S.L.	Bonastruc de Porta, 20 - Girona	100.00	
Pinturas Jaque, S.L.	Avda. General Perón, 36 - Madrid	100.00	
Prefabricados Delta, S.A.	Retama, 7 - Madrid	100.00	Deloitte

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Company	Registered office	Effective percentage of ownership	Auditor
Proyectos y Servicios, S.A.	Torregalindo, 1 - Madrid	100.00	Centium
Ramalho Rosa Cobetar Sociedade de Construçoes, S.A.	Portugal	100.00	Deloitte
Señalizaciones de Vías Públicas, S.L.	Avda. de Barber, 2 - Toledo	100.00	
Servià Cantó, S.A.	Bonastruc de Porta, 20 - Girona	100.00	Deloitte
Sincler, S.A. Unipersonal	Federico Salmón, 13 - Madrid	100.00	
Tema Concesionaria, S.A.	Porto Pi, 8 - Palma de Mallorca (Islas Baleares)	100.00	
Tulsa Inversión, S.L.	Avda. General Perón, 36 – Madrid	100.00	
Vela Borovica Koncem d.o.o.	Croatia	99.48	
Vialia Sociedad Gestora de Concesiones de Infrastructures, S.L.	Avda. General Perón, 36 - Madrid	100.00	Deloitte
CEMENT			
Áridos de Navarra, S.A.	Estella, 6 - Pamplona (Navarra)	47.21	
Áridos Uniland, S.A. Unipersonal	Torrenteres, 20 P.I. Sur - El Papiol (Barcelona)	52.58	Deloitte
Áridos y Canteras del Norte, S.A.U.	Alameda de Urquijo, 10 - Bilbao (Vizcaya)	70.83	Deloitte
Áridos y Premezclados, S.A. Unipersonal	José Abascal, 59 - Madrid	71.53	Deloitte
Arriberri, S.L. Unipersonal	Alameda de Urquijo, 10 - Bilbao (Vizcaya)	70.83	Deloitte
Atracem, S.A. Unipersonal	José Abascal, 59 - Madrid	71.53	Deloitte
Cántabra Industrial y Minera, S.A. Unipersonal	Josefina de la Maza, 4 P.E. Piasca - Santander (Cantabria)	62.87	
Cantera Zeanuri, S.L.	Uribitarte, 10 - Bilbao (Vizcaya)	70.68	
Canteras de Aláiz, S.A.	Estella, 6 - Pamplona (Navarra)	50.08	Deloitte
Canteras Villallano, S.L.	Poblado de Villallano - Villallano (Palencia)	62.87	
Cemensilos, S.A.	Josefina de la Maza, 4 P.E. Piasca - Santander (Cantabria)	62.87	Deloitte
Cementos Alfa, S.A.	Josefina de la Maza, 4 P.E. Piasca - Santander (Cantabria)	62.87	Deloitte
Cementos Lemona, S.A.	Alameda de Urquijo, 10 - Bilbao (Vizcaya)	70.83	Deloitte
Cementos Portland Valderrivas, S.A.	Estella, 6 - Pamplona (Navarra)	71.53	Deloitte
Cementos Villaverde, S.L. Unipersonal	Almagro, 26 - Madrid	71.53	Deloitte
Coastal Cement Corporation	USA	71.41	
Compañía Auxiliar de Bombeo de Hormigón, S.A. Unipersonal	José Abascal, 59 - Madrid	71.53	
Corporación Uniland, S.A.	Córcega, 299 - Barcelona	52.69	Deloitte
Dragon Alfa Cement Limited	UK	62.87	Deloitte
Dragon Energy Llc.	USA	71.41	
Dragon Products Company Inc.	USA	71.41	
Egur Birziklatu Bi Mila, S.L.	Alameda de Urquijo, 10 - Bilbao (Vizcaya)	70.83	
Explotaciones San Antonio, S.L. Unipersonal	Josefina de la Maza, 4 P.E. Piasca - Santander (Cantabria)	62.87	
Giant Cement Company	USA	71.41	
Giant Cement Holding, Inc.	USA	71.41	Deloitte
Giant Cement NC Inc.	USA	71.41	
Giant Cement Virgina Inc.	USA	71.41	
Giant Resource Recovery Inc.	USA	71.41	

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Company	Registered office	Effective percentage of ownership	Auditor
Giant Resource Recovery - Arvonia Inc.	USA	71.41	
Giant Resource Recovery - Attalla Inc.	USA	71.41	
Giant Resource Recovery - Harleyville Inc.	USA	71.41	
Giant Resource Recovery - Sumter Inc.	USA	71.41	
Hormigones de la Jacetania, S.A.	Llano de la Victoria - Jaca (Huesca)	44.71	KPMG
Hormigones Premezclados del Norte, S.A.	Alameda de Urquijo, 10 - Bilbao (Vizcaya)	70.83	Deloitte
Hormigones Reinosa, S.A. Unipersonal	Josefina de la Maza, 4 P.E. Piasca - Santander (Cantabria)	62.87	
Hormigones Uniland, S.L. Unipersonal	Ctra. Vilafranca del P. a Moja Km. 1 - Olérdola (Barcelona)	52.58	Deloitte
Hormigones y Morteros Preparados, S.A. Unipersonal	José Abascal, 59 - Madrid	71.53	Deloitte
Horminal, S.L. Unipersonal	José Abascal, 59 - Madrid	71.53	
Keystone Cement Company	USA	71.41	
Morteros Bizkor, S.L.	Alameda de Urquijo, 10 - Bilbao (Vizcaya)	37.98	Deloitte
Morteros Valderrivas, S.L. Unipersonal	José Abascal, 59 - Madrid	71.53	Deloitte
Participaciones Estella 6, S.L. Unipersonal	Estella, 6 - Pamplona (Navarra)	71.53	
Portland, S.L. Unipersonal	José Abascal, 59 - Madrid	71.53	Deloitte
Prebesec Mallorca, S.A.	Conradors, 48 - Marratxi - Palma de Mallorca (Islas Baleares)	35.99	
Prebesec, S.A. Unipersonal	Torrenteres, 20 P.I. Sur - El Papiol (Barcelona)	52.58	Deloitte
Prefabricados Uniland, S.A. Unipersonal	Córcega, 299 - Barcelona	52.58	
Santursaba, S.L. Unipersonal	Alameda de Urquijo, 10 - Bilbao (Vizcaya)	70.83	
Sechem Inc.	USA	71.41	
Select Béton, S.A.	Tunisia	46.29	Consulting Management & Governance
Société des Ciments d'Enfida	Tunisia	46.29	Consulting Management & Governance - Ahmed Mansour & Associes, RSM
Southern Cement Limited	UK	52.69	Deloitte
Telsa, S.A.	Alameda de Urquijo, 10 - Bilbao (Vizcaya)	70.83	Deloitte
Telsa, S.A. y Compañía Sociedad Regular Colectiva	Alameda de Urquijo, 10 - Bilbao (Vizcaya)	70.83	Deloitte
Transportes Gorozteta, S.L. Unipersonal	Alameda de Urquijo, 10 - Bilbao (Vizcaya)	52.93	
Transportes Lemona, S.A.	Alameda de Urquijo, 10 - Bilbao (Vizcaya)	70.83	
Tratamiento Escombros Almoguera, S.L.	José Abascal, 59 - Madrid	36.51	
Uniland Acquisition Corporation	USA	70.67	
Uniland Cementera, S.A.	Córcega, 299 - Barcelona	52.58	Deloitte
Uniland International B.V.	Netherlands	52.69	
Uniland Trading B.V.	Netherlands	52.69	
Utonka, S.A. Unipersonal	Torrenteres, 20 P.I. Sur - El Papiol (Barcelona)	52.58	

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Company	Registered office	Effective percentage of ownership	Auditor
ENERGY			
Enerstar Villena, S.A.	San Vicente Ferrer, 16 - Gandía (Valencia)	100.00	Deloitte
FCC Energía, S.A.	Federico Salmón, 13 - Madrid	100.00	Deloitte
FCC Energia Catalunya, S.L.	Balmes, 36 - Barcelona	80.04	
Fomento International Focsa, S.A. Unipersonal	Federico Salmón, 13 - Madrid	100.00	
Olivento Group:			
Olivento, S.L. Unipersonal	Federico Salmón, 13 - Madrid	100.00	Deloitte
Sistemas Energéticos Abadía, S.A.	Albareda, 1 - Zaragoza	96.57	Deloitte
Guzmán Energía, S.L. Unipersonal	Portada, 11 - Palma del Río (Córdoba)	70.00	Deloitte
Guzmán Energy O&M, S.L.	Federico Salmón, 13 - Madrid	70.00	
Helios Patrimonial 1, S.L. Unipersonal	Federico Salmón, 13 - Madrid	100.00	Deloitte
Helios Patrimonial 2, S.L. Unipersonal	Federico Salmón, 13 - Madrid	100.00	Deloitte
Saisei Renovable, S.L. Unipersonal	Federico Salmón, 13 - Madrid	100.00	Deloitte
OTHER ACTIVITIES			
Asesoría Financiera y de Gestión, S.A.	Federico Salmón, 13 - Madrid	100.00	Deloitte
Compañía Auxiliar de Agencia y Mediación, S.A. Unipersonal	Federico Salmón, 13 - Madrid	100.00	
Compañía General de Servicios Empresariales, S.A. Unipersonal	Federico Salmón, 13 - Madrid	100.00	
Corporación Española de Servicios, S.A.	Federico Salmón, 13 - Madrid	100.00	
Corporación Financiera Hispánica, S.A.	Federico Salmón, 13 - Madrid	100.00	
Europea de Gestión, S.A. Unipersonal	Federico Salmón, 13 - Madrid	100.00	
Eusko Lanak, S.A.	Federico Salmón, 13 - Madrid	100.00	
F-C y C, S.L. Unipersonal	Federico Salmón, 13 - Madrid	100.00	
FCC 1, S.L. Unipersonal	Federico Salmón, 13 - Madrid	100.00	
FCC Construcciones y Contratas International, S.L. Unipersonal	Federico Salmón, 13 - Madrid	100.00	
FCC Finance, B.V.	Netherlands	100.00	
FCC Fomento de Obras y Construcciones, S.L. Unipersonal	Federico Salmón, 13 - Madrid	100.00	
FCC Inmobiliaria Conycon, S.L. Unipersonal	Federico Salmón, 13 - Madrid	100.00	
FCC International, B.V.	Netherlands	100.00	
Fedemes, S.L.	Federico Salmón, 13 - Madrid	100.00	
Per Gestora Inmobiliaria, S.L.	Plaza Pablo Ruiz Picasso - Madrid	100.00	Centium
Puerto Cala Merced, S.A.	Arquitecto Gaudí, 4 - Madrid	100.00	

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APPENDIX II COMPANIES CONTROLLED JOINTLY WITH NON-GROUP THIRD PARTIES (ACCOUNTED FOR USING THE EQUITY METHOD)

Company	Registered office	Carrying amount of the investment 2011	Carrying amount of the investment 2010	% Effective percentage of ownership	Auditor
ENVIRONMENTAL SERVICES					
Aguas de Langreo, S.L.	Alonso del Riesgo, 3 - Sama de Langreo (Asturias)	646	861	49.00	Audinfor
Aguas de Ubrique, S.A.	Málaga, 11 - Oviedo (Málaga)	71	298	50.00	Audinfor
Aguas y Servicios de la Costa Tropical de Granada, A.I.E.	Plaza de la Aurora - Motril (Granada)	805	805	51.00	Attest Servicios Empresariales
Aigües de Girona, Salt i Sarrià de Ter, S.A.	Ciutadans, 11 - Girona	183	201	26.89	Cataudit Auditors Associats
Aquagest Medioambiente Aqualia, A.I.E.	Condado de Jaruco, s/n - Lloret de Mar (Barcelona)	50	59	37.50	
Atlas Gestión Medioambiental, S.A.	Roma, 25 - Barcelona	13,765	14,482	50.00	Deloitte
Beacon Waste Limited	UK	1,564	1,559	50.00	Deloitte
Compañía de Servicios Medioambientales Do Atlántico, S.A.	Ctra. de Cedeira Km. 1 - Narón (La Coruña)	298	292	49.00	Audinfor
Costa Brava Abastament Aqualia-Sorea, A.I.E.	Sector Carlit, s/n - Empuriabrava (Girona)	—	—	50.00	
Ecoparc del Besòs, S.A.	Rambla Cataluña, 91-93 - Barcelona	5,335	4,040	49.00	Castellà Auditors Consultors
Ecoserveis Urbans de Figueres, S.L.	Av. de les Alegries, s/n - Lloret de Mar (Girona)	292	260	50.00	
Electrorecycling, S.A.	Ctra. BV - 1224 Km. 6,750 - El Pont de Vilomara i Rocafort (Barcelona)	1,647	1,735	33.33	KPMG
Empresa Mixta d'Aigües de la Costa Brava, S.A.	Plaza Josep Pla, 4 - Girona	194	327	25.00	Ernst & Young
Empresa Mixta de Aguas y Servicios, S.A.	Elisa Cendreros, 14 - Ciudad Real	68	75	41.25	Centium
Empresa Mixta de Limpieza de la Villa de Torrox, S.A.	Plaza de la Constitución, 1 - Torrox (Málaga)	440	414	50.00	Audinfor
Empresa Mixta de Medio Ambiente de Rincón de la Victoria, S.A.	Avda. Zorreras, 8 - Rincón de la Victoria (Málaga)	344	388	50.00	Audinfor
Empresa Municipal de Aguas de Benalmádena, EMABESA, S.A.	Av. Juan Luis Peralta, s/n - Benalmádena (Málaga)	2,047	1,907	50.00	Audinfor
Fisersa Ecoserveis, S.A.	Alemania, 5 - Figueres (Girona)	256	266	36.36	Cataudit Auditors Associats
FTS 2010 Societa Consortile a Resp. Lim	Italy	6	—	60.00	
Gestión de Servicios Hidráulicos de Ciudad Real, A.I.E.	Ramírez de Arellano - Madrid	(56)	(61)	75.00	
Girona, S.A.	Travessera del Carril, 2 - Girona	1,448	1,382	33.61	Cataudit
Proactiva Group	Cardenal Marcelo Spínola, 8 - Madrid	47,776	44,058	50.00	Deloitte
Hades Soluciones Medioambientales, S.L.	Mayor, 3 - Cartagena (Murcia)	60	60	50.00	
Inalia Water Solutions, S.L.	Ulises, 18 - Madrid	—	5	50.00	
Ingeniería Urbana, S.A.	Calle 1 esquina calle 3, P.I. Pla de la Vallonga - Alicante	4,901	5,105	35.00	Deloitte
ITAM Delta de la Tordera, A.I.E.	Berlín, 38-48 - Barcelona	—	—	50.00	
Mediaciones Comerciales Ambientales, S.L.	Roma, 25 - Barcelona	197	248	50.00	

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Mercia Waste Management, Ltd.	UK	5,761	11,777	50.00	Deloitte
Palacio de exposiciones y congresos de Granada	Ps del Violón, s/n - Granada	255	—	50.00	
PB El Caracol S de RL de CV	Mexico	134	—	50.00	Grant Thornton
Pilagest, S.L.	Ctra. BV - 1224 Km. 6,750 - El Pont de Vilomara i Rocafort (Barcelona)	718	824	50.00	
Reciclado de Componentes Electrónicos, S.A.	E - Pol. Actividades Medioambientales - Aznalcóllar (Sevilla)	2,988	2,256	37.50	KPMG
Senblen, S.A.	Alameda de Urquijo, 10 - Bilbao (Vizcaya)	(149)	(149)	85.23	
Servicios de Limpieza Integral de Málaga III, S.A.	Camino de la Térmica, 83 - Málaga	1,878	1,856	26.01	PriceWaterhouseCoopers
Servicios Urbanos de Málaga, S.A.	Ulises, 18 - Madrid	572	525	51.00	
Severn Waste Services Limited	UK	197	184	50.00	Deloitte
Tratamiento Industrial de Residuos Sólidos, S.A.	Rambla Cataluña, 91 - Barcelona	43	694	33.33	Castellà Auditors Consultors
Zabalgarbi, S.A.	Camino de Artigas, 10 - Bilbao (Vizcaya)	15,583	13,999	30.00	KPMG
VERSIA					
Converty Service, S.A.	Camino de los Afligidos P.I. La Esgaravita, 1 -Alcalá de Henares (Madrid)	5,420	5,657	50.00	Pérez y Asociados Auditores
Corporación Jerezana de Transportes Urbanos, S.A., Unipersonal	P.I. P.I. El Portal - Jerez de la Frontera (Cádiz)	3,111	2,757	50.00	
Detren Compañía General de Servicios Ferroviarios, S.L.	Serrano, 93 - Madrid	1,924	1,517	50.00	KPMG
FCC-CONNEX Corporación, S.L.	Serrano, 93 - Madrid	12,983	12,319	50.00	
Infoser Estacionamientos, A.I.E.	Manuel Silvela, 8 - Madrid	—	120	33.33	
Tranvía de Parla, S.A.	Camino de la Cantuela, 2 - Parla (Madrid)	109	211	5.00	Deloitte
Versia Holding GmbH	Austria	7	7	100.00	
CONSTRUCTION					
ACE Acestrada Construçao de Estradas	Portugal	—	1	13.33	
ACE CAET XXI Construçoes	Portugal	4,539	164	50.00	Horwath & Associados
ACE Edifer Construçoes Ramalho R.C. E.C.	Portugal	1	93	33.33	
ACE Infrastructures das Antas - Construçao e Obras Publicas	Portugal	—	77	33.33	
ACE Metrexpo	Portugal	17	156	44.90	
ACE Ribeiradio-Ermida	Portugal	(350)	(119)	55.00	
ACE SPIE, Ramalho Rosa Cobetar, Eterman	Portugal	—	(1)	35.00	
ACE Túnel Rua de Ceuta, Construçao e Obras Publicas	Portugal	13	90	49.50	
Construcciones Olabarri, S.L.	Ripa, 1 - Bilbao (Vizcaya)	4,943	4,916	49.00	Charman
Constructora de Infraestructura de Agua de Queretaro, S.A. de C.V.	Mexico	(290)	2,500	49.00	Deloitte
Constructora Durango-Mazatlan, S.A. de C.V.	Mexico	(2,971)	(2,741)	51.00	Deloitte
Constructora Nuevo Necaxa Tihuatlan, S.A.C.V.	Mexico	1,825	2,703	40.00	Deloitte
Dragados FCC, Canada Inc.	Canada	(1,151)	(1,624)	50.00	
EFI Túneles Necaxa S.A. de C.V.	Mexico	(1)	—	45.00	
Peri 3 Gestión, S.L.	General Álava, 26 - Vitoria Gasteiz (Álava)	2	2	50.00	
Servicios Empresariales Durango-Mazatlan, S.A. de C.V.	Mexico	39	11	51.00	

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Sociedad Concesionaria Tranvía de Murcia, S.A.	Olof Palmer, s/n - Murcia	19,542	15,948	50.00	Deloitte
CEMENT					
Atlántica de Graneles y Moliendas, S.A.	Muelle de Punta Sollana, s/n - Zierbena (Vizcaya)	2,042	1,772	35.26	KPMG
Carbocem, S.A.	Paseo de la Castellana, 45 - Madrid	73	73	57.24	Deloitte
Corporación Uniland, S.A.	Córcega, 299 - Barcelona	(7)	(7)	52.69	Deloitte
Pedrera de l'Ordal, S.L.	Ctra. N 340 km. 1229.5 La Creu del L'Ordal - Subirats (Barcelona)	3,885	4,250	26.29	Busquet Economistes Auditors Estudi Jurídic
ENERGY					
Olivento Group:					
Integral Management Future Renewables, S.L.	A Condomiña, s/n - Ortoño (La Coruña)	—	974	50.00	Deloitte
Sigenera, S.L.	Orzán, 124 - La Coruña	—	(6)	50.00	Deloitte
OTHER ACTIVITIES					
Globalvía Group	Paseo de la Castellana, 141 Edificio Cuzco IV - Madrid	424,616	481,572	50.00	Deloitte
Realia Business Group	Paseo de la Castellana, 216 - Madrid	139,353	145,304	30.14	Deloitte
TOTAL VALUE OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD (JOINT VENTURES)		729,991	789,428		

APPENDIX III ASSOCIATES (ACCOUNTED FOR USING THE EQUITY METHOD)

Company	Registered office	Carrying amount of the investment 2011	2010	% Effective percentage of ownership	Auditor
ENVIRONMENTAL SERVICES					
Abastament en Alta Costa Brava Empresa Mixta, S.A.	Plaza Josep Pla Casadevall, 4 3º 1ª - Girona	108	115	26.00	
Aguas de Archidona, S.L.	Plaza Ochavada, 1 - Archidona (Málaga)	58	—	48.00	Centium
Aguas de Denia, S.A.	Pare Pere, 17 - Denia (Alicante)	404	423	33.00	
Aguas de Priego, S.L.	Plaza de la Constitución, 3 - Priego de Córdoba (Córdoba)	152	246	49.00	Audinfor
Aguas de Ubrique, S.A.	Avda. España, 9 - Ubrique (Cádiz)	(13)	(88)	49.00	
Aigües de Blanes, S.A.	Canigó, 5 - Blanes (Girona)	43	47	16.47	
Aigües del Tomoví, S.A.	Plaza Vella, 1 - El Vendrell (Tarragona)	426	466	49.00	GM Auditors
Aprochim Getesarp Rymoil, S.A.	P.I. Logrenzana La Granda - Carreño (Asturias)	1,410	1,554	23.49	Menéndez Auditores
Aquos El Realito, S.A. de CV	Mexico	272	17	49.00	Deloitte
Aragonesa de Gestión de Residuos, S.A.	Paseo María Agustín, 36 - Zaragoza	10	10	18.60	Laes Nexia & Castillero
Aragonesa de Tratamientos Medioambientales XXI, S.A.	Ctra. Castellón Km. 58 - Zaragoza	681	693	33.00	
Betearte, S.A.U.	Colón de Larreátegui, 26 - Bilbao (Vizcaya)	993	583	33.33	Attest Servicios Empresariales
Clavegueram de Barcelona, S.A.	Acer, 16 - Barcelona	814	841	20.33	Bove Montero y Asociados
Concesionaria de Desalación de Ibiza, S.A.	Rotonda de Santa Eulalia, s/n - Ibiza	619	281	32.00	
Conducció del Ter, S.L.	Bourg de Peage, 89 - Sant Feliu de Guíxols (Girona)	5	13	48.00	
Constructora de Infrastructures de Aguas de Potosí, S.A. de C.V.	Mexico	39	2	49.00	
Ecogestión Ambiental, S.L.	Juan Ramón Jiménez, 12 - Madrid	—	104	50.00	
EMANAGUA Empresa Mixta Municipal de Aguas de Níjar, S.A.	Plaza de la Goleta, 1 - Níjar (Almería)	223	223	49.00	Audinfor
Empresa Municipal de Aguas de Algeciras, S.A.	Avda. Virgen del Carmen - Algeciras (Cádiz)	61	(197)	49.00	
Empresa Municipal de Aguas de Jodar, S.A.	Plaza España, 1 - Jodar (Jaén)	1	79	49.00	Centium
Empresa Municipal de Aguas de Linares, S.A.	Cid Campeador, 7 - Linares (Jaén)	31	111	49.00	Centium
Empresa Municipal de Aguas de Toxiria, S.A.	Cristóbal Colón, 104 - Torredonjimeno (Jaén)	5	15	49.00	Centium
Generavila, S.A.	Plaza de la Catedral, 11 - Ávila	155	292	36.00	Audinfor
Gestión Integral de Residuos Sólidos, S.A.	Profesor Beltrán Baquena, 4 - Valencia	1,124	1,171	49.00	BDO
Gestión y Valoración integral del Centro, S.L.	Tecnología, 2. P.I. Los Olivos - Getafe (Madrid)	2	—	50.00	
.A.S.A. Group:	Austria	5,274	5469		
A S A + AVE Környezetvédelmi H Kft	Hungary	—	—	50.00	PriceWaterhouseCoopers
.A.S.A. Hlohovec s.r.o.	Slovakia	—	—	50.00	
A.K.S.D. Városgazdálkodási Korlátolt FT	Hungary	—	—	25.50	PriceWaterhouseCoopers
ASTV s.r.o.	Czech Republic	—	—	49.00	
Huber Abfallservice Verwaltungs GmbH	Austria	—	—	49.00	
Huber Entsorgungs GmbH Nfg KG	Austria	—	—	49.00	
Killer GmbH	Austria	—	—	50.00	

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Killer GmbH & Co KG	Austria	—	—	50.00	
Recopap s.r.o.	Slovakia	—	—	50.00	PriceWaterhouseCoopers
Repap Czech spol. s.r.o.	Czech Republic	—	—	50.00	
Technické a Stavební Sluzby AS	Czech Republic	—	—	50.00	
Tirme Group	Ctra. Sóller Km. 8.2 Camino de Son Reus - Palma de Mallorca (Islas Baleares)	10,254	9,587	20.00	KPMG
Waste Recycling Group	UK	—	—		
Energylinc Limited	UK	—	—	50.00	
Shelford Composting Limited	UK	—	—	50.00	KPMG
La Unión Servicios Municipales, S.A.	Salvador Pascual, 7 - La Unión (Murcia)	127	113	49.00	Audinfor
Nueva Sociedad de Aguas de Ibiza, S.A.	Avda. Bartolomé de Rosselló, 18 - Ibiza (Islas Baleares)	76	102	40.00	
Orasqualia Construction, S.A.E.	Egypt	1,959	2,522	50.00	KPMG
Orasqualia for the Development of the Waste Water Treatment Plant S.A.E.	Egypt	14,049	379	50.00	KPMG
Orasqualia Operation and Maintenance SAE	Egypt	1,541	—	50.00	KPMG
Pallars Jussà Neteja i Serveis, S.A.	Pau Casals, 14 - Tremp (Lleida)	43	33	40.80	
Proveïments d'Aigua, S.A.	Asturies, 13 - Girona	288	269	15.12	Antoni Riera Economistes Auditors
Sera Q A Duitama E.S.P., S.A.	Colombia	31	31	30.60	
Shariket Miyeh Ras Djinet, S.p.A.	Algeria	7,576	5,247	25.50	Cooperative Mohamed Boudiaf
Shariket Tahlya Miyah Mostaganem, S.p.A.	Algeria	16,018	11,520	25.50	Cooperative Mohamed Boudiaf
Sogecar, S.A.	Polígono Torrelarragoiti - Zamudio (Vizcaya)	499	468	30.00	
Suministro de Agua de Queretaro, S.A. de C.V.	Mexico	9,237	9,982	28.81	Deloitte
CONSTRUCTION					
Ablocade, S.L.	Rafael López, 1 - Huelva	—	741	20.00	
Administración y Servicios Grupo Zapotillo, S.A. de C.V.	Mexico	19	3	50.00	
Aigües del Segarra Garrigues, S.A.	Avenida de Tarragona, 6 - Tárrega (Lleida)	4,819	4,445	25.00	Deloitte
Altos del Javier, S.A.	Panama	—	—	50.00	
Auto-Estradas XXI - Subconcessionaria Transmontana, S.A.	Portugal	1,639	—	26.52	
Autopistas del Valle, S.A.	Costa Rica	6,427	5,900	48.00	Deloitte
Baross Ter Ingatlanprojekt-Fejlszto Kft	Hungary	405	456	20.00	Sölch Ágostonné
BBR VT International Ltd.	Switzerland	1,597	1,467	22.50	Trewitax Zürich AG
Cleon, S.A.	Avda. General Perón, 36 - Madrid	24,889	24,874	25.00	KPMG
Concesionaria Atención Primaria, S.A.	Plaza Es Fortí, 4 - Palma de Mallorca	1,434	1,003	33.00	Deloitte
Concessió Estacions Aeroport L9, S.A.	Córcega, 270 - Barcelona	(6,380)	19,954	49.00	
Constructora de Infrastructures de Aguas de Potosí, S.A. de C.V.	Mexico	39	2	24.50	
Constructora San José - Caldera CSJC, S.A.	Costa Rica	3,446	4,168	50.00	Deloitte
Constructora San José-San Ramón SJSR, S.A.	Costa Rica	78	77	50.00	
Constructores del Zapotillo, S.A. de C.V.	Mexico	566	726	50.00	
Desarrollo Cuajimalpa, S.A. de C.V.	Mexico	1,840	2,023	25.00	

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Desarrollos y Promociones Costa Cálida, S.A.	Saturno, 1 - Pozuelo de Alarcón (Madrid)	261	263	35.75	
Elaboración de Cajones Pretensados, S.L.	Avda. General Perón, 36 - Madrid	2	2	50.00	
FCC Construction Kipszer Ktf	Hungary	1	(3)	50.00	PriceWaterhouseCoopers
FCC Elliot Construction Limited	Ireland	6,928	2,381	50.00	Deloitte
Gesi -9, S.A.	Sorolla, 27 - Alcalá de Guadaira (Sevilla)	12,997	13,008	74.90	Antonio Moreno Campillo
Alpine Group:	Austria	11,905	15,251		
ABO Asphalt-Bau Oeynhausen GmbH	Austria	—	—	26.89	KPMG
AMW Asphaltwerk GmbH	Austria	—	—	19.72	
Asphaltmischwerk Betriebs GmbH & Co KG	Austria	—	—	17.93	
Asphaltmischwerk Greinsfurth GmbH & Co OHG	Austria	—	—	22.41	
Asphaltmischwerk Leopoldau-Teerag-Asdag Mayreder Bau GmbH	Austria	—	—	44.83	
Asphaltmischwerk Leopoldau-Teerag-Asdag Mayreder Bau GmbH & Co KG	Austria	—	—	17.93	
Asphaltmischwerk Steyregg GmbH & Co KG	Austria	—	—	17.93	
Asphaltwerk Sierning GmbH	Austria	—	—	35.86	
AWT Asphaltwerk GmbH	Austria	—	—	29.58	
AWW Asphaltmischwerk Wölbiling GmbH	Austria	—	—	44.83	
Bonaventura Strassenerhaltungs GmbH	Austria	—	—	22.41	Agitas/Unitreu
Bonaventura Strassenerrichtungs GmbH	Austria	—	—	39.72	Agitas/Unitreu
Dolomit-Beton Lieferbetonwerk GmbH	Austria	—	—	43.03	
Draubeton GmbH	Austria	—	—	31.38	
FMA Asphaltwerk GmbH & Co KG	Austria	—	—	8.96	
Hemmelmair Frästechnik GmbH	Austria	—	—	22.41	
Kieswerk-Betriebs GmbH & Co KG	Austria	—	—	20.17	
Intergeo Umweltmanagement CmbH	Austria	—	—	44.83	
Lieferasphaltgesellschaft JAUNTAL GmbH	Austria	—	—	21.52	
MSO Mischanlagen Süd-Ost Betriebs GmbH und Co KG	Austria	—	—	9.86	
Paltentaler Beton Erzeugungs GmbH	Austria	—	—	21.52	
Porr Alpine Austriarail GmbH	Austria	—	—	44.83	
PPE Malzenice s.r.o.	Slovakia	—	—	44.83	Ing.Miriam Lehocká
Rastätten Betriebs GmbH	Austria	—	—	44.83	Agitas/Unitreu
RBA Recycling und Betonanlagen GmbH & Co Nfg KG	Austria	—	—	22.86	
RFM Asphaltmischwerk GmbH & Co KG	Austria	—	—	29.88	
Schaberreiter GmbH	Austria	—	—	9.86	
Silasfalt s.r.o.	Czech Republic	—	—	44.83	Deloitte
Straka Bau GmbH	Austria	—	—	45.72	
Transportbeton und Asphalt GmbH	Austria	—	—	44.83	
Transportbeton und Asphalt GmbH & Co KG	Austria	—	—	44.82	
Waldviertler Lieferasphalt GmbH & Co KG	Austria	—	—	44.83	
Cedinsa Concesionaria Group	Tarragona, 141 - Barcelona	46,939	27,124	34.00	Deloitte
Foment de Construccions i Consulting Group	Andorra	12	12	33.30	

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Ibisan Sociedad Concesionaria, S.A.	Porto Pi, 8 - Palma de Mallorca (Islas Baleares)	6,758	7,315	50.00	Deloitte
Integral Management Future Renewables, S.L.	A Condomiña, S7N - Ortoño (La Coruña)	1,102	—	50.00	Deloitte
Las Palmeras de Garrucha, S.L. - en liquidación -	Mayor, 19 - Garrucha (Almería)	1,079	1,081	20.00	
M50 (D&C) Limited	Ireland	(3,717)	(4,586)	42.50	Deloitte
Marina de Laredo, S.A.	Pasaje de Puntida, 1 - Santander (Cantabria)	1,444	1,192	50.00	PriceWaterhouseCoopers
MDM-Teide, S.A.	Panama	1,166	1,129	50.00	P&A Palacios y Asociados Contadores Públicos Autorizados
Metro de Málaga, S.A.	Martínez, 11 - Málaga	12,534	10,258	17.67	Ernst & Young
N6 (Construction) Limited	Ireland	(28,998)	(21,235)	42.50	Deloitte
Nihg Limited	Ireland	—	—	39.00	Deloitte
Nihg South West Health Partnership Limited	Ireland	(26,031)	(16,653)	39.00	Deloitte
Nova Bocana Barcelona, S.A.	Avda. Josep Tarradellas, 123 - Barcelona	8,882	9,121	25.00	Deloitte
Nova Bocana Business, S.A.	Avda. Josep Tarradellas, 123 - Barcelona	3,433	992	25.00	
OHL-FCC-Dibco North Tunnels Canada Inc	Canada	74	—	37.50	
OHL-FCC GP Canadá Inc	Canada	—	—	50.00	
Omszki-Tó Part Ingatlanfejlesztö És Befektetö Kft	Hungary	(35)	(39)	20.00	Sölch Ágostonné
Operaciones y Servicios para la Industria de la Construction, S.A. de C.V.	Mexico	(36)	(22)	50.00	Deloitte
Port Premià, S.A. -in liquidation-	Balmes, 36 - Barcelona	(555)	(555)	39.72	
Promvias XXI, S.A.	Vía Augusta, 255 Local 4 - Barcelona	(404)	(293)	25.00	
Proyecto Front Marítim, S.L.	Paseo de Gracia , 120 - Barcelona	(6,119)	(5,556)	50.00	
Teide Gestión del Sur, S.L.	José Luis Casso, 68 - Sevilla	3,732	4,474	49.94	
Teide-MDM Quadrat, S.A.	Panama	203	197	50.00	P&A Palacios Asociados Contadores Públicos Autorizados
Terminal Polivalente de Huelva, S.A.	La Marina, 29 - Huelva	(263)	(263)	31.50	
Torres Porta Fira, S.A.	Mestre Nicolau, 19 - Barcelona	5	8,529	40.00	BDO
Tramvia Metropolità, S.A.	Córcega, 270 - Barcelona	6,024	4,528	18.07	KPMG
Tramvia Metropolità del Besòs, S.A.	Córcega, 270 - Barcelona	6,207	3,786	19.29	KPMG
Urbs Iudex et Causidicus, S.A.	Tarragona, 161 - Barcelona	(9,400)	(2,247)	29.00	Deloitte
Urbs Iustitia Commodo Opera, S.A.	Avda. Carrilet, 3, planta 11ª, Ciutat de la Justícia de Barcelona i l'Hospitalet de Llobregat - l'Hospitalet de Llobregat (Barcelona)	2,417	2,417	35.00	
Vivero del Río Razón, S.L.	Camino del Guardatillo - Valdeavellano de Tera (Soria)	—	1	48.00	
Western Carpathians Motorway Investors Company GmbH	Austria	13	13	48.97	
Zílinská Dialnica s.r.o.	Slovakia	(211)	(299)	48.97	

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CEMENT					
Aplicaciones Minerales, S.A.	Camino Fuente Herrero - Cueva Cardiel (Burgos)	480	563	33.19	
Áridos Unidos, S.A.	Alameda de Urquijo, 10 - Bilbao (Vizcaya)	19	13	26.78	
Canteras y Hormigones Quintana, S.A.	Ctra. Santander-Bilbao, Km. 184 - Barcena de Cicero (Cantabria)	4,177	4,416	18.86	Enrique Campos & Auditores
Canteras y Hormigones VRE, S.A.	Arieta, 13 - Estella (Navarra)	692	1,223	35.76	KPMG
Comercial de Prefabricados Lemona, S.A.	Barrio Inzunza, 1 - Lemona (Vizcaya)	19	19	67.11	
Hormigones Calahorra, S.A.	Brebicio, 25 - Calahorra (La Rioja)	(181)	111	35.77	
Hormigones Castro, S.A.	Ctra. Irún-La Coruña, Km. 153 - Islares (Cantabria)	367	374	25.14	
Hormigones del Baztán, S.L.	Suspeltxiki, 25 - Vera de Bidasoa (Navarra)	931	1,016	35.76	
Hormigones Delfín, S.A.	Venta Blanca - Peralta (Navarra)	696	856	35.76	
Hormigones en Masa de Valtierra, S.A.	Ctra. Cadreita Km. 0 - Valtierra (Navarra)	1,603	1,602	35.76	
Hormigones Galizano, S.A.	Ctra. Irún-La Coruña, Km. 184 - Gama (Cantabria)	208	242	31.44	
Hormigones Reinares, S.A.	Praje Murillo de Calahorra, s/n - Calahorra (La Rioja)	712	854	35.76	
Hormigones y Áridos del Pirineo Aragonés, S.A.	Ctra. Biescas - Sabiñanigo (Huesca)	6,876	6,719	35.76	KPMG
Lázaro Echevarría, S.A.	Isidoro Melero - Alsasua (Navarra)	10,372	9,924	20.03	KPMG
Navarra de Transportes, S.A.	Ctra. Pamplona-Vitoria, km. 52 - Olazagutia (Navarra)	1,167	1,130	23.84	KPMG
Neuciclaje, S.A.	Alameda de Urquijo, 10 - Bilbao	540	499	21.16	
Novhorvi, S.A.	Portal de Gamarra, 25 - Vitoria Gasteiz (Álava)	219	212	17.76	KPMG
Portcemen, S.A.	Muelle Contradique Sur-Puerto Barcelona - Barcelona	902	925	13.15	
Quinsa Prefabricados de Hormigón, S.L. Unipersonal	Ctra. S. Sebastián-Coruña Km. 184 - Barcena de Cicero (Cantabria)	(34)	(15)	18.87	
Silos y Morteros, S.L.	Ctra. de Pamplona Km. 1 - Logroño (La Rioja)	161	210	23.84	Expertos Auditores
Terminal Cimentier de Gabes-Gie	Tunisia	103	104	15.43	Ernst & Young
Terrenos Molins	Llobregat - Molins de Rei (Barcelona)	4	4	13.14	
Transportes Cántabros de Cement Portland, S.L.	Ctra. S. Sebastián-Coruña Km. 184 - Barcena de Cicero (Cantabria)	37	42	18.87	
Vescem-LID, S.L.	Valencia, 245 - Barcelona	72	64	13.14	
TOTAL VALUE OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD (ASSOCIATES)		203,904	210,992		

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APPENDIX IV CHANGES IN THE SCOPE OF CONSOLIDATION

ADDITIONS	Registered office
Fully consolidated companies	
ALPINE ENERGIE MAGYARORSZÁG KFT.	Hungary
AQUAFUNDALIA - AGUA DO FUNDAO, S.A.	Portugal
CANTERA ZEANURI, S.L.	Uribitarte, 10 - Bilbao (Vizcaya)
FCC CANADA LTD	Canada
FCC COLOMBIA, S.A.S.	Colombia
FCC CONSTRUCCION CHILE SPA	Chile
FCC CONSTRUCCION POLSKA SP Z.O.O.	Poland
FCC CONSTRUCCION PERÚ S.A.C.	Peru
FCC CONSTRUÇOES DO BRASIL LTDA.	Brazil
FCC ELLIOTT UK LIMITED	UK
FCC LUBRICANTS LLC	USA
FCC SERV. INDUS. ENERG- MÉXICO, S.A.C.V.	Mexico
GANDIA SERVEIS URBANS, S.A.	Lanterners, 6 - Gandia (Valencia)
GUZMAN ENERGY O&M, S.L.	Federico Salmón, 13 - Madrid
HERMERIEL, S.A.	Ferrocarril, 10 - Palencia
SAISEI RENOVABLE, S.L.	Federico Salmón, 13 - Madrid
SERVEIS MUNICIPALS DE NETEJA DE GIRONA, S.A.	Pl. del Vi, 1 - Girona
SOCIETAT MUNICIPAL MEDIOAMBIENTAL D'IGUALADA	Pl. del Ajuntament, 1 - Igualada (Barcelona)
UNILAND ADQUISITION CORPORATION	USA
Companies accounted for using the equity method	
JOINT VENTURES	
EFI TUNELES NECAXA, S.A. DE C.V.	Mexico
FTS 2010 SOCIETA CONSORTILE A RESPONSABILITA LIMITATA	Italy
PALACIO DE EXPOSICIONES Y CONGRESOS DE GRANADA	Ps delViolón, s/n - Granada
PB EL CARACOL S DE RL DE CV	Mexico
ADDITIONS	Registered office
ASSOCIATES	
ALTOS DEL JAVIER, S.A.	Panama
GESTION Y VALORIZACION INTEGRAL DEL CENTRO	Tecnología, 2 P.I. Los Olivos - Getafe (Madrid)
INTERGEO UMWELTMANAGEMENT GMBH	Austria
INTEGRAL MANAGEMENT FUTURE RENEWABLES, S.L.	Federico Salmón, 13 - Madrid
OHL-FCC-DIBCO NORTH TUNNELS CANADA INC	Canada
OHL-FCC GP CANADA INC	Canada
ORASQUALIA OPERATION AND MAINTENANCE SAE.	Egypt

REMOVALS	Registered office
Fully consolidated companies	
AFIGESA INVERSIÓN, S.L., UNIPERSONAL (14)	Federico Salmón, 13 - Madrid
ALPINE DOLOMIT D.O.O. (10)	Serbia
ALPINE GRANIT D.O.O. (10)	Serbia
ALPINE PZPB D.O.O.(15)	Serbia
ALTEC UMWELTTECHNIK GMBH (4)	Austria
AREMI TECAIR (8)	Valle de Laguar, 7 - Valencia
ASFALTNA CESTA D.O.O. (5)	Croatia
AVERMANN-HUNGÁRIA KFT (6)	Hungary
CLWR MANAGEMENT 2001 LIMITED (1)	UK
ELECTRIC GENERATION INVESTMENTS LIMITED (1)	UK
ENEFI ENERGIA, S.A., UNIPERSONAL (1)	Federico Salmón, 13 - Madrid
EMBERGER & ESSL GMBH (7)	Austria
EMBERGER & HEUBERGER BAU GMBH (7)	Austria
EMPRESA MIXTA DE TRAFICO DE GIJON (2)	W-6, 23 P.I. Pramosa - El Plano - Tremañes (Gijón)
ESTACIONAMIENTOS Y SERVICIOS, S.A. (2)	Federico Salmón, 13 - Madrid
GENERACION ELÉCTRICA EUROPEA, S.A.R.L. (3)	Federico Salmón, 13 - Madrid
GENERACION ELÉCTRICA HISPANA, S.A.R.L. (3)	Federico Salmón, 13 - Madrid
GESTION DE AGUAS DEL NORTE (16)	Cuarta del Agua, 9 - Galdar (Las Palmas)
GREEN WASTE SERVICES LIMITED (1)	UK
GWS (HOLDINGS) LIMITED (1)	UK
INTERNACIONAL TECAIR, S.A. (8)	Valentin Beato, 24-26 - Madrid
LEMONA INDUSTRIA, S.A., UNIPERSONAL (9)	Alameda de Urquijo, 10 - Bilbao (Vizcaya)
MAQUINARIA PARA HORMIGONES, A.I.E. (1)	Maestro García Rivero, 7 - Bilbao (Vizcaya)
MEADSHORES LIMITED (1)	UK
MÖRTINGER-GROHMANN TIEF HOCH UND STRASSENBAU GMBH (7)	Austria
OSIJEK - KOTEKS D.O.O. (5)	Croatia
PAPER PRODUCT DEVELOPMENTS LIMITED (1)	UK
REMAT JIHLAVA S.R.O. (12)	Czech Republic
SANTOS RENTING, S.L., UNIPERSONAL (1)	Francisco Medina y Mendoza - Guadalajara
SARRETTI KÖZTERÜLET-FENNTATÓ KFT (1)	Hungary
TEROBET AS (13)	Czech Republic
TIEFBAU DEUTSCHLANDSBERG GMBH & CO KG (11)	Germany

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REMOVALS	Registered office
TORES - TECHNICKÉ, OBCHODNÍ A REKREACNÍ SLUZBY AS (1)	Czech Republic
UNILAND MARÍTIMA, S.L. SOLE-SHAREHOLDER COMPANY (1)	Córcega, 299 - Barcelona
UNILAND USA LLC. (1)	USA
WASTEWISE LIMITED (1)	UK
WASTEWISE POWER LIMITED (1)	UK
WASTEWISE TRUSTEES LIMITED (1)	UK
Companies accounted for using the equity method	
JOINT VENTURES	
ACE ACESTRADA CONSTRUÇAO DE ESTRADAS (1)	Portugal
ACE SPIE, RAMALHO ROSA COBETAR, ETERMAN (1)	Portugal
ACE RAMALHO ROSA COBETAR A EDIFER (1)	Portugal
ACE RAMALHO ROSA COBETAR GRAVINER E NOVOCPA (1)	Portugal
ACE TUNEL RAMELA (1)	Portugal
INALIA MOSTAGANEM, S.L. (1)	Gobelas, 47-49 - Madrid
INALIA WATER SOLUTIONS, S.L. (1)	Ulises, 18 - Madrid
ASSOCIATES	
ABLOCADE, S.L. (1)	Rafael López, 1 - Huelva
AE STADTLAND GMBH (2)	Germany
ECOGESTION AMBIENTAL, S.L. (1)	Juan Ramón Jimenez, 12 - Madrid
EXPONOR, S.A. (1)	Alameda de Urquijo, 10 - Bilbao (Vizcaya)
VIVEROS DEL RIO RAZON (1)	Camino del Guardatillo - Valdeavellano de Tera (Soria)
ZIEGELWERK FRENTAL EDER GMBH (2)	Germany

(1) Exclusion due to liquidation
(2) Exclusion due to sale
(3) Exclusion due to merger
(4) Exclusion due to merger by absorption of Oekotechna Entsorgungs and Umwelttechnik GmbH
(5) Exclusion due to merger by absorption of Osijek Koteks, d.d.
(6) Exclusion due to merger by absorption of A.S.A. Magyarország Környezetvédelem És H Kft
(7) Exclusion due to merger by absorption of Alpine Bau GmbH
(8) Exclusion due to absorption of FCC Servicios Industriales y Energéticos, S.A.
(9) Exclusion due to merger by absorption of Cementos Lemona, S.A.U.
(10) Exclusion due to absorption of Strazevica Kamenolom d.o.o.
(11) Exclusion due to absorption of Tiefbau Deutschlandsberg GmbH
(12) Exclusion due to absorption of Envicon-Gas
(13) Exclusion due to absorption of Skladka Uhy spol. S.r.o.
(14) Exclusion due to merger by absorption of Asesoría Financiera y de Gestión, S.A.
(15) Exclusion due to merger by absorption of Alpine d.o.o. Beograd
(16) Exclusion due to merger by absorption of Aqualia Gestión Integral del Agua, S.A.

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APPENDIX V UNINCORPORATED TEMPORARY JOINT VENTURES (UTES), ECONOMIC INTEREST GROUPINGS (AIES) AND OTHER BUSINESSES MANAGED JOINTLY WITH NON-GROUP THIRD PARTIES

	Percentage of ownership at 31 December 2011
ENVIRONMENTAL SERVICES	
PASAIA UTE	70.00
PUERTO UTE	50.00
UTE A GUARDA	50.00
UTE A GUARDA SANEAMIENTO	50.00
UTE ABASTECIMIENTO EXTREMADURA	20.00
UTE ABASTECIMIENTO ZARAGOZA	70.00
UTE ABSA - PERICA	60.00
UTE ABSA - PERICA I	60.00
UTE ACTUACIÓN 11 TERUEL	50.00
UTE AEROPUERTO II	50.00
UTE AEROPUERTO V	50.00
UTE AEROPUERTO VI	50.00
UTE AEROPUERTO GALERIAS	50.00
UTE AEROPUERTO GALERIAS II	50.00
UTE AGNITA-EPTISA-AISA	50.00
UTE AGUAS ALCALÁ	37.50
UTE AGUAS DEL DORAMÁS	50.00
UTE AIGÜES ELS POBLETS	95.00
UTE ALMEDA	51.00
UTE AMPLIACIÓ LIXIVITATS	40.00
UTE AMPLIACIÓN IDAM SANT ANTONI	50.00
UTE AMPLIACIÓN ITAM DELTA DE LA TORDERA	66.67
UTE AQUALIA - FCC - MYASA	94.00
UTE ARGI GUEÑES	70.00
UTE ARUCAS II	70.00
UTE BILBOKO LORATEGIAK	60.00
UTE BILBOKO SANEAMENDU	50.00
UTE BILBOKO SANEAMENDU BI	50.00
UTE BIOCOMPOST DE ÁLAVA	50.00
UTE BOADILLA	50.00
UTE CÁDIZ	50.00
UTE CANA PUTXA	20.00
UTE CAP DJINET	50.00
UTE CARMA	50.00
UTE CARPA - FCC PAMPLONA	50.00
UTE CASTELLANA - PO	50.00
UTE CASTELLAR DEL VALLÈS	50.00
UTE CASTELLAR POLÍGONOS	50.00

	Percentage of ownership at 31 December 2011
UTE CEMENTERIOS PERIFÉRICOS II	50.00
UTE CENTRO DEPORTIVO VILLENA	80.00
UTE CHIPIONA	50.00
UTE CIUTAT VELLA	50.00
UTE CGR GUIPUZCOA	35.14
UTE COLECTOR MAGRANERS	50.00
UTE COLECTORES A GUARDA	50.00
UTE COLEGIOS SANT QUIRZE	50.00
UTE CONDUCCIÓN A EL VISO Y DEPÓSITOS	70.00
UTE CTR. DE L'ALT EMPORDÀ	45.00
UTE CTR - VALLÈS	20.00
UTE DEPURACIÓN PONIENTE ALMERIENSE	75.00
UTE DEPURADORA A GUARDA	50.00
UTE DOS AGUAS	35.00
UTE ECOPARQUE CACERES	50.00
UTE ECOURENSE	50.00
UTE DEPURADORA A GUARDA	50.00
UTE EDAR ÁVILA	55.00
UTE EDAR BAEZA	50.00
UTE EDAR CULEBRO EQUIPOS	50.00
UTE EDAR DE KRISPIJANA	70.00
UTE EKOFERRO	85.00
UTE EDAR GIJON	60.00
UTE ENERGÍA SOLAR ONDA	25.00
UTE EPTISA - AISA (ZIMNICEA)	50.00
UTE EPTISA - ENTEMANSER	48.50
UTE ETAP LAS ERAS	50.00
UTE EXPLOTACIÓN ITAM TORDERA	50.00
UTE EXPLOTACIÓN PISCINAS VIGO	50.00
UTE EXPLOTACIÓN PRESAS DEL SEGURA	60.00
UTE F.L.F. LA PLANA	47.00
UTE FCC - ANPE	80.00
UTE FCC - ERS LOS PALACIOS	50.00
UTE FCC - HIJOS DE MORENO, S.A.	50.00
UTE FCC - PAS SALAMANCA	70.00
UTE FCC - PERICA	60.00
UTE FCC - RAGA MAJADAHONDA	75.00
UTE FCC - SUFI MAJADAHONDA	50.00
UTE FCC - SUFI PESA	50.00

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	Percentage of ownership at 31 December 2011
UTE FCC - SYF PLAYAS	40.00
UTE FCC - TEGNER	50.00
UTE FCCMA - RUBATEC STO. MOLLET	50.00
UTE FCCSA - GIRSA	89.80
UTE FCCSA - VIVERS CENTRE VERD, S.A.	50.00
UTE FS BADAJOZ	79.00
UTE FS MUNGEST	33.15
UTE FS MUNGEST II	33.15
UTE FS PARLA	72.00
UTE FS PARLA II	72.00
UTE GALERÍAS III	50.00
UTE GESTIÓ INTEGRAL DE RUNES DEL PAPIOL	40.00
UTE GESTIÓN FANGOS MENORCA	55.00
UTE GESTIÓN INSTALACIÓN III	34.99
UTE GESTIÓN LODOS CYII	20.00
UTE GESTIÓN SERVICIOS DEPORTES CATARROJA	99.50
UTE GIREF	20.00
UTE GIRSA - FCC	59.20
UTE HIDC-HIR-IND. DO CENTR. ACE	50.00
UTE HIDRANTES	50.00
UTE IBIZA - PORTMANY EPC	32.00
UTE IDAM IBIZA	50.00
UTE IDAM IBIZA II	50.00
UTE IDAM IBIZA III	50.00
UTE IDAM SANT ANTONI	50.00
UTE IDAM SANT ANTONI II	50.00
UTE INFILCO	50.00
UTE INTAGUA	50.00
UTE INTERIORES BILBAO	80.00
UTE JARDINES CÁDIZ	51.00
UTE JUNDIZ	51.00
UTE KABIEZESKO KIROLDEGIA	60.00
UTE KAIAGARBI	51.00
UTE LA LLOMA DEL BIRLET	80.00
UTE LEA - ARTIBAI	60.00
UTE LEGIO VII	50.00
UTE LEKEITIOKO MANTENIMENDUA	60.00
UTE LIMPIEZA COLEGIOS PÚBLICOS DE ALCORA	50.00
UTE LIMPIEZA COLEGIOS PÚBLICOS DE BURRIANA	50.00
UTE LIMPIEZA COLEGIOS PÚBLICOS DE CASTELLÓN	50.00
UTE LIMPIEZA BENICASSIM	35.00
UTE LIMPIEZA SANTA COLOMA	50.00
UTE LIMPIEZA Y RSU LEZO	55.00

	Percentage of ownership at 31 December 2011
UTE LOCALES JUSTICIA LOTE II	50.00
UTE LOCALES JUSTICIA LOTE V	50.00
UTE LOGROÑO LIMPIO	50.00
UTE LOURO	65.00
UTE LV Y RSU ARUCAS	70.00
UTE MANTENIMIENTO REG CORNELLÁ	60.00
UTE MANTENIMIENTO COLEGIOS BILBAO	60.00
UTE MANTENIMIENTO COLEGIOS II	60.00
UTE MANTENIMIENTO DE EDIFICIOS	60.00
UTE MANTENIMIENTO PRESAS DEL SEGURA	80.00
UTE MEJORA ABASTECIMIENTO SESEÑA	50.00
UTE MOLLERUSSA	60.00
UTE MONTCADA	50.00
UTE MOSTAGANEM	50.00
UTE MUSKIZ III	70.00
UTE NAVE JUNDIZ	51.00
UTE OBRA AMPLIACIÓN IDAM SAN ANTONIO	50.00
UTE OBRA EDAR IBIZA	50.00
UTE OBRAS AGUAS ALCALÁ	55.00
UTE ONDA EXPLOTACIÓN	33.33
UTE OYM CAP DJINET	50.00
UTE OYM MOSTAGANEM	50.00
UTE PAMPLONA	80.00
UTE PARQUES SINGULARES MÓSTOLES	50.00
UTE PISCINA CUBIERTA BENICARLÓ	65.00
UTE PISCINA CUBIERTA MUNICIPAL ALBATERA	93.00
UTE PISCINA CUBIERTA MUNICIPAL L'ELIANA	99.50
UTE PISCINA CUBIERTA CLUB DEPORTIVO ALBORAYA	99.00
UTE PISCINA CUBIERTA MANISES	99.50
UTE PISCINA CUBIERTA PAIPORTA	90.00
UTE PLAN RESIDUOS	47.50
UTE PLANTA RSI TUDELA	60.00
UTE PLANTA TRATAMIENTO VALLADOLID	60.00
UTE PLAYAS	50.00
UTE PLAYAS GUIPUZKOA	55.00
UTE PONIENTE ALMERIENSE	50.00
UTE PORTUGARBI	51.00
UTE PORTUGARBI - BI	51.00
UTE POSU - FCC VILLALBA	50.00
UTE POTABILIZADORA ELS POBLETS	70.00
UTE PUERTO II	70.00
UTE QUINTO CONTENEDOR	50.00
UTE R.S. UTE PONIENTE ALMERIENSE	50.00

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	Percentage of ownership at 31 December 2011
UTE RBU VILLA-REAL	47.00
UTE RESIDENCIA	50.00
UTE RSU TOLOSALDEA	60.00
UTE S.U. BENICASSIM	35.00
UTE S.U. BILBAO	70.00
UTE SALTO DEL NEGRO	50.00
UTE SAN MATEO	70.00
UTE SANEAMIENTO URBANO CASTELLÓN	65.00
UTE SANT QUIRZE	50.00
UTE SANT QUIRZE DEL VALLÉS	50.00
UTE SANTA COLOMA DE GRAMANET	61.00
UTE SANTURTZIKO GARBIKETA	60.00
UTE SANTURTZIKO GARBIKETA II	60.00
UTE SASIETA	75.00
UTE SAV - FCC TRATAMIENTOS	35.00
UTE SEAFSA LANZAROTE	60.00
UTE SELECTIVA LAS PALMAS	55.00
UTE SELECTIVA SAN MARCOS	65.00
UTE SELECTIVA UROLA KOSTA	60.00
UTE SELLADO VERTEDERO LOGROÑO	50.00
UTE SON ESPASES	50.00
UTE SENTINAS	50.00
UTE TANATORIO DE PATERNA	50.00
UTE TIRVA FCC - FCCMA RUBÍ	51.00
UTE TORRIBERA IV	50.00
UTE TOSSA DE MAR	13.00
UTE TRANSPORTE SAN MARCOS	80.00
UTE TRANSPORTE DEBABARRENA TXINGUDI	60.00
UTE TREMP	51.00
UTE TXINGUDI	75.00
UTE TXINGUDIKO GARBIKETA	73.00
UTE UROLA ERDIA	60.00
UTE URRETXU Y ZUMARRAGA	65.00
UTE VERTEDERO ARTIGAS	50.00
UTE VERTEDERO GARDALEGUI II	70.00
UTE VERTRESA	10.00
UTE VIGO RECICLA	70.00
UTE VILOMARA	33.33
UTE VINAROZ	50.00
UTE VIVIENDAS MARGEN DERECHA	60.00
UTE WTC - ZARAGOZA	51.00
UTE ZARAGOZA DELICIAS	51.00
UTE ZARAUZKO GARBIKETA	60.00

	Percentage of ownership at 31 December 2011
UTE ZONZAMAS FASE II	30.00
UTE ZURITA	50.00
VERSIA	
CLEAR CHANNEL - CEMUSA UTE	50.00
CYCSA - ISOLUX INGENIERÍA UTE	50.00
CYS - IKUSI - GMV UTE	43.50
EYSSA-AUPLASA ALICANTE UTE	65.00
SISTEMAS TRANVÍA DE MURCIA UTE	32.00
TRAMBESÓS UTE	33.00
TÚNELES DE BARAJAS UTE	50.00
UTE APARCAMIENTO HOSPITAL SON ESPASES	36.00
UTE BYPASS SUR	50.00
UTE C-17 SERVEI	50.00
UTE CC CLOT ARAGÓ	60.00
UTE CN III	45.00
UTE EIX LLOBREGAT	50.00
UTE EUROHANDLING	50.00
UTE EUROHANDLING BARCELONA	50.00
UTE EUROHANDLING MÁLAGA	50.00
UTE FCC ACISA AUDING	45.00
UTE MENDIZULOA	30.00
UTE SCC SICE	50.00
UTE S.G.V.V.	50.00
UTE TRAMBAIX	33.00
CONSTRUCTION	
ACP DU PORT DE LA CONDAMINE	45.00
ARGE A4	50.00
ARGE ACHRAIN	50.00
ARGE ALPTRANSIT BRENNER	50.00
ARGE ARLBERG	45.00
ARGE ATAC	50.00
ARGE BEG H4 STANS	50.00
ARGE BEG LOS O1	50.00
ARGE BETON BHF. ST. PÖLTEN	45.00
ARGE BETON DOPPL 2	50.00
ARGE BETON NEUBAU	40.00
ARGE BETONBAU ÖBB YBBS AMSTETTEN	50.00
ARGE BETR. GEB. HEIDKOF	50.00
ARGE CONTIWEG	60.00
ARGE EGGETUNNEL	50.00
ARGE ERDB. A8 PICHL - MEGG	50.00
ARGE ERDB. MATZLEINSDORF	50.00
ARGE ERDBAU AMSTETTEN BL3	60.00

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	Percentage of ownership at 31 December 2011
ARGE ERDBAU BHF ST. PÖLTEN	33.33
ARGE ERDBAU DOPPL II	50.00
ARGE ERDBAU NEUBAU	50.00
ARGE EURO 2008 AUSB. STAD. INNSBRUCK	33.33
ARGE EURO 2008 AUSB. STAD. KLAGENFURT	55.00
ARGE EURO 2008 AUSB. STAD. SALZBURG	51.00
ARGE GALERIEN KÜHTAI	25.00
ARGE GEBÖS NORDBAHNHOF	33.34
ARGE GK RECHTE ALTSTADT 2	50.00
ARGE GOTTHARD TUNNEL	66.66
ARGE HABERKORN ULMER	50.00
ARGE HEIDKOPFTUNNEL	33.34
ARGE HOCHBAU HBF ST. PÖLTEN	25.35
ARGE HWS MACHLAND	50.00
ARGE INGENIEURBAU PPP OSTREGION	50.00
ARGE JURIDICUM	50.00
ARGE KATSCHBERG	30.96
ARGE KDD	33.34
ARGE KH RIED BR 2 + 3	23.78
ARGE KH RIED BR 4/4A	33.33
ARGE KINGSCROSS	50.00
ARGE KLOSTERNEUBURG	28.10
ARGE KOPS	80.00
ARGE KRANKENHAUS BR A + F	50.00
ARGE LAINZERTUNNEL 31	50.00
ARGE LICHTENFELS	33.34
ARGE MISCHGUT PPP OSTREGION	50.00
ARGE MVA ZISTERSDORF	50.00
ARGE NBS LOS B	33.34
ARGE NUSSDORF - ZAGLING	50.00
ARGE PARKDECK STOCKERAU	33.00
ARGE PRO MENTE WELS	50.00
ARGE RASTSTÄTTE PPP OSTREGION	50.00
ARGE SCHMIEDETECHNIK - ERW	33.33
ARGE SCHWEDEN	50.00
ARGE SENIORENWOHNHEIM KREMS	66.66
ARGE SINGAPURE 855	50.00
ARGE SPERRE BAECHENTAL	15.00
ARGE STRENGEN	70.00
ARGE TERMINAL TOWER LINZ	50.00
ARGE THERAPIEZENTRUM BAD HALL	82.70
ARGE TSCHAMBREU	66.66
ARGE TULLNERFELD 4.1	66.66

	Percentage of ownership at 31 December 2011
ARGE TUNNEL - U. ING. BAU. LEIPZIG LOS B	5.70
ARGE TURBOLADERWERK	50.00
ARGE TWL LEHEN - LIEFERING	40.00
ARGE UMFAHRUNG BRIXEN B13	48.80
ARGE UW YBBSFELD	50.00
ARGE VEZ	50.00
ARGE VKA TERNITZ	1.00
ARGE WIESING H4 - 3	75.00
ERD - UN STRASSENB. PPP	19.00
ASTALDI - FCC J.V.	50.00
CONCORCIO ICA - FCC - MECO PAC-4	43.00
CONSORCIO LÍNEA UNO	45.00
FCC ELLIOT CONSTRUCTION PARTNERSHIP	50.00
J.V. ARAD-TIMISOARA FCC-ASTALDI	50.00
J.V. ASOCIEREA ARAD-TIMISOARA	50.00
J.V. BBR PTE SL - TENSACCAI SPA	51.00
J.V. BYPASS CONSTATA	50.00
J.V. CENTURE OTOPENI OVERPASS	91.90
J.V ESTENSION OF LINE 2 TO ANTOHOUPOLI	50.01
J.V. FCC-ASTALDI	50.00
J.V. FCC CO-MCM	95.00
J.V. METRO DEHLI C1	51.00
OHL CO. CANADA & FCC CANADA LTD.	50.00
UTE 2ª FASE EIQUE DE LA ESFINGE	35.00
UTE 57 VIVIENDAS PC-6 CERRO DE REYES	90.00
UTE 77 VIVIENDAS EN ELCHE	55.00
UTE ACCESO NORTE A VIGO NUEVA ESTACIÓN	50.00
UTE ACCESO ZAMORA	65.00
UTE ACCESOS A LA ESTACIÓN DE LA SAGRERA	37.50
UTE ACON. Y PEATON. SAN BARTOLOMÉ TIRAJANA	70.00
UTE ACONDICIONAMIENTO BASE ALMUSSAFES	50.00
UTE ACTUACIONES AEROPUERTO DE LOGROÑO	80.00
UTE ADAMUZ	33.33
UTE AEROPUERTO DE CASTELLÓN	50.00
UTE AL - DEL OURENSE	50.00
UTE AL - DEL PALENCIA	50.00
UTE AL - DEL POLIVALENTES	50.00
UTE AL - DEL SANTIAGO	50.00
UTE AL - DEL XÁTIVA	50.00
UTE ALARCÓN	55.00
UTE ALBACETE - ALMANSA	50.00
UTE ALBUERA	50.00
UTE ALCAR	45.00

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	Percentage of ownership at 31 December 2011
UTE ALMENDRALEJO II	50.00
UTE ALQUERÍA	50.00
UTE AMOREBIETA	66.66
UTE AMPLIACIÓN EDAR GIRONA	67.00
UTE AMP. PLAT COSTERA REC. GUINIGUADA	50.00
UTE AMPLIACIÓN SAIH	50.00
UTE AMPLIACIÓN SUPERFICIE DIQUE	50.00
UTE ANAGA	33.33
UTE APARCAMIENTO TERM. ACT. AEROPUERTO G.C.	70.00
UTE ARENAL	16.17
UTE ARINAGA III	50.00
UTE ARMILLA INSTALACIONES	50.00
UTE ARRIXACA GASES	26.00
UTE ARROYO DE LA ENCOMIENDA	50.00
UTE ARROYO DEL FRESNO	50.00
UTE AUCOSTA CONSERVACIÓN	50.00
UTE AUDITORIO DE BURGOS	65.00
UTE AUDITORIO DE LUGO	50.00
UTE AUTOPISTA CARTAGENA - VERA	50.00
UTE AUTOVÍA COSTA BRAVA	65.00
UTE AUTOVÍA DE LA SAGRA	50.00
UTE AUTOVÍA EL BATAN - CORIA	50.00
UTE AVE ALCÁNTARA-GARROVILLAS	85.00
UTE AVE GIRONA	40.00
UTE AVE MASIDE	67.00
UTE AVE MONTBLANC	75.00
UTE AVE TÚNEL DE SERRANO	42.00
UTE ÁVILA 6	35.00
UTE BALLONTI ARDANZA	9.80
UTE BARBADOS	50.00
UTE BENTA AUNDI	50.00
UTE BERGARA ANTZUOLA	50.00
UTE BIBLIOTECA DE NAVARRA	65.00
UTE BILBAO MANTENDU	24.50
UTE BIMENES	70.00
UTE BIMENES III	70.00
UTE BOETTICHER	50.00
UTE BOETTICHER ELECTRICIDAD	50.00
UTE BOQUILLA SUR TÚNEL VIGO - DAS MACEIRAS	50.00
UTE BULEVAR PINTO RESINA	50.00
UTE BUÑEL - CORTES	80.00
UTE BUSINESS	25.00
UTE BUSINESS ELECTRICIDAD	57.00

	Percentage of ownership at 31 December 2011
UTE BUSINESS MECÁNICAS	40.00
UTE C31-ACCESOS MATARÓ	50.00
UTE C&F JAMAICA	50.00
UTE C.A.R.E. CÓRDOBA	75.00
UTE CÁCERES II	50.00
UTE CAMPO GIBRALTAR	80.00
UTE CAMPO DE GIBRALTAR	50.00
UTE CAMPUS CLIMA	50.00
UTE CAN TUNIS	70.00
UTE CANAL PRINCIPAL DE ORBIGO	50.00
UTE CANALES DEL JÚCAR	60.00
UTE CANONADA SANT JUST	60.00
UTE CÁRCEL MARCOS PAZ	35.00
UTE CARCHUNA - CASTELL	75.00
UTE CARIÑENA	50.00
UTE CARRETERA HORNACHOS - LLERA	65.00
UTE CARRETERA IBIZA - SAN ANTONIO	50.00
UTE CASON II	50.00
UTE CASTELLÓ D'AMPÚRIES	50.00
UTE CASTIÑEIRIÑO	65.00
UTE CATENARIA - CERRO NEGRO	50.00
UTE CATLANTICO	25.00
UTE CECOEX	20.00
UTE CENTRO COMERCIAL ARANJUEZ	50.00
UTE CENTRO COMERCIAL ARANJUEZ PLAZA F. II	50.00
UTE CENTRO COMERCIAL LA GRELA	50.00
UTE CENTRO COMERCIAL MESOIRO	50.00
UTE CENTRO CONTINGENCIAS GAVÀ	70.00
UTE CERRO GORDO	75.00
UTE CHUAC	50.00
UTE CIBELES	50.00
UTE CIBELES ELECTRICIDAD	50.00
UTE CINE AVENIDA	50.00
UTE CIRCUITO	70.00
UTE CIRCUITO F-1 VALENCIA	38.00
UTE CIUDAD DE LAS COMUNICACIONES	50.00
UTE CIUDAD DEPORTIVA VALDEBEBAS II	50.00
UTE CIUTAT DE LA JUSTÍCIA	30.00
UTE CLIMA "LA FE"	38.00
UTE CLIMATIZACIÓN ALCÁZAR DE SAN JUAN	60.00
UTE CLIMATIZACIÓN BARAJAS	42.50
UTE CLIMATIZACIÓN CIBELES	50.00
UTE CLIMATIZACIÓN SON DURETA	42.00

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UTE CLIMATIZACIÓN W.T.C.	50.00
UTE CLUB NÁUTICO CASTELLÓN	50.00
UTE COALVI - CONVENSA	25.00
UTE COIMA, S.A. - T.P. D ARMENGOLS C.P.	15.28
UTE COLADA	63.00
UTE COLECTOR ABOÑO II	80.00
UTE COLECTOR NAVIA	80.00
UTE CONEXIÓN CORREDOR MEDITERRÁNEO	40.00
UTE CONSEJERÍA AGRICULTURA	85.00
UTE CONSERVACION ANTEQUERA	50.00
UTE CONSERVACION MALPARTIDA	50.00
UTE CONSERVACION BADAJOZ	50.00
UTE CONSTRUCCIÓN HOSPITAL SURESTE	50.00
UTE CONSTRUCCIÓN HOSPITAL TORREJÓN	66.70
UTE CONSTRUCCIÓN TRANVÍA ZARAGOZA	50.00
UTE CONSTRUCTORA ATENCIÓN PRIMARIA	33.00
UTE COORDINACIÓN	34.00
UTE COPERO	70.00
UTE CORNELLÀ WTC	36.00
UTE CORREDOR	55.00
UTE COSTA DEL SOL	50.00
UTE COSTERA NORTE 1ª	70.00
UTE CP NORTE I	50.00
UTE CREAA	50.00
UTE CARRETERAS ACCESO PUERTO CASTELLÓN	50.00
UTE CYM - ESPELSA INSTALACIONES	50.00
UTE DE SUMINISTROS PUENTE RÍO OZAMA	50.00
UTE DESALADORA BAJO ALMANZORA	60.00
UTE DESDOBLAMIENTO CV - 309 EN SAGUNTO	50.00
UTE DESARROLLO PUERTO DE AVILES FASE I	80.00
UTE DESDOBLAMIENTO DE LA AS-17 I	70.00
UTE DESDOBLAMIENTO EX-100 BADAJOZ	50.00
UTE DESVÍOS II	60.00
UTE DESVÍOS LÉRIDA-BARCELONA	50.00
UTE DIQUE DE LA ESFINGE 2ª FASE	70.00
UTE DIQUE ESTE	35.00
UTE DIQUE ESTE FASE II	50.00
UTE DIQUE ESTE DÁRSENA SUR PUERTO DE CASTELLÓN	50.00
UTE DIQUE TORRES	27.00
UTE DIQUE TORRES II	27.00
UTE DISTRIBUCIÓN L-2 Y VARIAS	50.00
UTE DOCENCIA HOSPITAL SON DURETA	33.00
UTE DOZÓN	29.60

	Percentage of ownership at 31 December 2011
UTE DRAGADO CANAL ENTRADA Y DÁRSENA SUR	50.00
UTE DRAGADO MUELLE COMERCIAL VILAGARCÍA	50.00
UTE DRENAJES ADAMUZ	33.33
UTE EBRACONS	68.00
UTE EDAM OESTE	70.00
UTE EDAR LOIOLA	89.80
UTE EDAR NAVIA	80.00
UTE EDIFICIO 4 WTC	56.25
UTE EDIFICIO 6-7-8 WTC	36.00
UTE EDIFICIO C. CULT. POLIV., F. II-V. D'UIXO	60.00
UTE EDIFICIO DE LAS CORTES	65.00
UTE EDIFICIO IDI 5 TERCERA FASE CPI	75.00
UTE EDIFICIO IMETISA	70.00
UTE EDIFICIO TERMINAL	40.00
UTE EDIFICIOS TÉCNICOS CIUDEN	80.00
UTE EIX BERGUEDÀ	34.00
UTE EL CONDADO	40.00
UTE ELECTRICIDAD BY PASS SUR CALLE 30	33.33
UTE ELECTRICIDAD CIBEK	50.00
UTE ELECTRICIDAD CIUDAD COMUNICACIONES	50.00
UTE ELECTRICIDAD SON DURETA	50.00
UTE ELECTRIFICACION ARRIONDAS	60.00
UTE ELECTRIFICACIÓN BURGOS	33.33
UTE ELECTRIFICACIÓN GRANOLLERS	20.00
UTE ELECTRIFICACIÓN TRANVÍA DE MURCIA	55.00
UTE EMISARIO MOMPAS	89.80
UTE ENCAUZAMIENTO BARRANCO DE FRAGA	60.00
UTE ENLACE CURRO	60.00
UTE EQUIPAMIENTO AUDITORIO BURGOS	65.00
UTE ERRENTERIA	24.50
UTE ESCLUSA SEVILLA	70.00
UTE ESCUELA DE ARTES Y DISEÑOS	70.00
UTE ESPELSA - CYMI INSTALACIONES NORTE	50.00
UTE ESPELSA - OCESA	50.00
UTE ESTACIÓN AVE ZARAGOZA	50.00
UTE ESTACIÓN FGV MERCADO - ALICANTE	60.00
UTE ESTACIÓN LUCERO ALICANTE	33.33
UTE ESTACIÓN METRO SERRERÍA	50.00
UTE ESTACIONS AEROPORT L9	49.00
UTE ESTACIONS LÍNEA 9	33.00
UTE ESTACIONS TERRASSA	36.00
UTE ESTEPONA	25.00
UTE EZKIO ITSASO	40.00

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	Percentage of ownership at 31 December 2011
UTE F.I.F. GNL FB 301/2	35.96
UTE F.I.F. GNL TK-3,002/3	39.06
UTE FASE II C.I.C.C.M.	60.00
UTE FASE II HOSPITAL DE MÉRIDA	50.00
UTE FASE II PABELLÓN REYNO DE NAVARRA	50.00
UTE FCC - SCENIC LIGHT	80.00
UTE FCC - TECYSU	80.00
UTE FGV ALICANTE TRAMO 2	60.00
UTE FGV VARIANTE TRAMO FINCA ADOC	55.00
UTE FUENTE LUCHA	77.00
UTE GANGUREN	11.03
UTE GASODUCTO MAGREB - EUROPA	50.00
UTE GASODUCTOS ENAGAS GD	50.00
UTE GC - 1 PUERTO DE RICO - MOGÁN	40.00
UTE GEDERIAGA	24.50
UTE GIRONA NORTE	70.00
UTE GIRONA NORTE II	70.00
UTE GOIAN	70.00
UTE GOIERRIALDEA	55.00
UTE GOIERRIALDEA 2010	55.00
UTE GRAN VÍA HOSPITALET	50.00
UTE GRAU DE LA SABATA	90.00
UTE GUADARRAMA 3	33.33
UTE GUADARRAMA 4	33.33
UTE GUICYCSA TORDESILLAS	60.00
UTE HABILITACIÓN ED. C. COMUNICACIONES	50.00
UTE HORCHE	65.00
UTE HORKASITAS	24.50
UTE HOSPITAL ALCÁZAR	60.00
UTE HOSPITAL CAMPUS DE LA SALUD	80.00
UTE HOSPITAL DE CARTAGENA	70.00
UTE HOSPITAL DE MIRANDA	65.00
UTE HOSPITAL DE SALAMANCA	40.00
UTE HOSPITAL DEL SUR	80.00
UTE HOSPITAL DEL SUR, SEGUNDA FASE	40.00
UTE HOSPITAL FCC - VVO	80.00
UTE HOSPITAL MARQUÉS VALDECILLA FASE III	33.33
UTE HOSPITAL NORTE TENERIFE	80.00
UTE HOSPITAL SON DURETA	33.00
UTE HOSPITAL UNIVERSITARIO DE MURCIA	50.00
UTE HUELVA NORTE II	55.00
UTE HUELVA SUDESTE	40.00
UTE HUESNA CONSTRUCCIÓN	33.33

	Percentage of ownership at 31 December 2011
UTE IBAI EDER	24.50
UTE IBARRETA	24.50
UTE IFEVI	50.00
UTE IMPERMEABILIZACION TUNEL PAJARES	50.00
UTE INSTALACIONES	50.00
UTE INSTALACIONES C - 17 VIC - RIPOLL	33.30
UTE INSTALACIONES METRO MÁLAGA	54.00
UTE INSTALACIONES PLATAFORMA SUR	50.00
UTE INSTALACIONES TÚNELES MUROS-DUEÑAS	50.00
UTE INSTITUTO DE SUANCES	70.00
UTE IRO	80.00
UTE JAÉN - MANCHA REAL	80.00
UTE JEREZ - LA BARCA	80.00
JUTE JONCADELLA	34.00
UTE JUAN DE LA COSA	80.00
UTE JUAN GRANDE	50.00
UTE L9 HOSPITALET	50.00
UTE LA ALDEA	35.00
UTE LA LOTETA	80.00
UTE LADERA ENCISO	50.00
UTE LAKUA 796	24.50
UTE LAS ROSAS I - 7	33.33
UTE LASGARRE	50.00
UTE LAUDIO	24.50
UTE LINEA 1 TRANVÍA DE MURCIA	60.00
UTE LÍNEA 2	50.00
UTE LÍNEA 5	40.00
UTE LÍNEA 9	33.00
UTE LLAGOSTERA	50.00
UTE LUKO	45.00
UTE M-407	50.00
UTE M-30 TÚNEL SUR	50.00
UTE MÁLAGA COCHERAS	50.00
UTE MALLABIA	14.70
UTE MANTENIMENT RONDES II	70.00
UTE MANTENIMENT RONDES 2012	70.00
UTE MANTENIMIENTO ARANJUEZ II	76.00
UTE MANTENIMIENTO CÓRDOBA	49.00
UTE MANTENIMIENTO TDM	50.00
UTE MANTENIMIENTO TRANVÍA ZARAGOZA	50.00
UTE MANTENIMIENTO VÍA ARANJUEZ	50.00
UTE MANTENIMIENTO VÍA SEVILLA	50.00
UTE MANZANAL	50.00

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	Percentage of ownership at 31 December 2011
UTE MAQUINARIA PESADA INFOMA	50.00
UTE MATADERO	57.50
UTE MEDINACELI	22.40
UTE MEJORA VIADUCTOS LORCA	50.00
UTE MEL9	49.00
UTE MONTAJE VIA MOLLET - GIRONA	50.00
UTE MONTAJE VIA O IRIXO - SANTIAGO	50.00
UTE MONTAJE VIA SIETE AGUAS - VALENCIA	50.00
UTE MONT-RAS	50.00
UTE MONTSERRAT	35.00
UTE MORA	30.00
UTE MORALEDA	66.00
UTE MUELLE BOUZAS	70.00
UTE MUELLE COMERCIAL VILAGARCÍA	70.00
UTE MUELLES COMERCIALES	60.00
UTE MUELE DE LA QUÍMICA	70.00
UTE MUNGUIA	13.72
UTE MURCIA	40.00
UTE MUSEO NACIONAL DE LA ENERGÍA	45.00
UTE N.O.M.	63.00
UTE NACIMIENTO	54.00
UTE NANCLARES	95.00
UTE NOU PONT DE FUSTA	50.00
UTE NTC CÁDIZ	50.00
UTE NUDO DE MOLLET	50.00
UTE NUEVA SEDE JUDICIAL LAS PALMAS G.C.	70.00
UTE NUEVO ESTADIO VCF	49.00
UTE NUEVO HOSPITAL DE CÁCERES	33.33
UTE NUEVO PUERTO DE IGOUMENITZA	50.00
UTE OFICINAS HOSPITALET	50.00
UTE OLAVETRAN	14.70
UTE OLOT MONTAGUT	45.00
UTE OPERACIÓN TRANVÍA DE MURCIA	50.00
UTE OPERADORA TERMOSOLAR	67.50
UTE ORDIZIA	90.00
UTE ORENSE - MELÓN	50.00
UTE PABELLÓN REYNO DE NAVARRA	50.00
UTE PAGO DE EN MEDIO	80.00
UTE PALACIO DE CONGRESOS DE LEÓN	50.00
UTE PALACIO DE LOS DEPORTES	50.00
UTE PANADELLA	50.00
UTE PARADOR DE EL SALER	75.00
UTE PARANINFO ZARAGOZA	60.00

	Percentage of ownership at 31 December 2011
UTE PARQUE MÁLAGA	60.00
UTE PARQUE MAYORDOMÍA	50.00
UTE PARQUE TECNOLÓGICO	60.00
UTE PASAIA BERRI	50.00
UTE PASEO PARQUE RIBALTA CASTELLÓN	65.00
UTE PAU MONTE CARMELO	50.00
UTE PAVONES VIVIENDAS	50.00
UTE PCI METRO DE MALAGA	40.00
UTE PERI AR.8 LA MADRAZA	99.00
UTE PIEDRAFITA	66.67
UTE PINO MONTANO P 5	50.00
UTE PLANTA BARAJAS MELO	50.00
UTE PLANTA DE RESIDUOS	50.00
UTE PLASENCIA	50.00
UTE PLATAFORMA TPTE PBCO CASTELLÓN	55.00
UTE PLATAFORMA TRANSPORTE UJI DE CASTELL	65.00
UTE PLATAFORMA TTE.PUB. TRAMO I COLUMBRETES	55.00
UTE POBLA TORNESA	50.00
UTE POLÍGONO BOBES	50.00
UTE POLÍGONO DE TANOS	50.00
UTE POLÍGONO LLOREDA	70.00
UTE POLÍGONO VICÁLVARO	80.00
UTE PONT DEL CANDI	75.00
UTE PORT DE LLANÇÀ	60.00
UTE PREFABRICADOS POLA	50.00
UTE PRESA ENCISO	50.00
UTE PRESAS ITOIZ	33.00
UTE PRESAS EBRO	50.00
UTE PRESAS JÚCAR	53.00
UTE PREVENCIÓN DE INCENDIOS NORESTE	50.00
UTE PROLONGACIÓN DIQUE REINA SOFÍA	40.00
UTE PROSER - GEOCONTROL	60.00
UTE PROSER - GEOCONTROL II	62.00
UTE PROSER - NORCONTROL	50.00
UTE PROSER - NORCONTROL II	50.00
UTE PROSER - PAYMACOTAS IV	50.00
UTE PROSER - UG 21	70.00
UTE PROSER - LA ROCHE TF5 III	50.00
UTE PROSER - BATLLE I ROIG	50.00
UTE PSIR CASTRO URDIALES	50.00
UTE PT ADRIÁTICO	30.00
UTE PUENTE RIO OZAMA (DFC-COCIMAR)	35.00
UTE PUENTE DE PONFERRADA	55.00

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UTE PUENTE DEL REY	33.33
UTE PUENTE Ma - 1110	33.00
UTE PUENTE PISUERGA	50.00
UTE PUENTE SERRERÍA	60.00
UTE PUERTO DE GRANADILLA	40.00
UTE PUERTO DE LAREDO	50.00
UTE PUERTO DEL ROSARIO	90.00
UTE PUIG-REIG	50.00
UTE RADIALES	35.00
UTE RANILLA CONSTRUCCIÓN	85.00
UTE RECINTOS FERIALES	50.00
UTE RED ARTERIAL PALENCIA FASE I	80.00
UTE REFORÇ C-25	40.00
UTE REFORMA HOSPITAL V SALUD (TOLEDO)	60.00
UTE RELLENO UBE CHEMICAL PTO.	50.00
UTE REVLON	60.00
UTE RÍO LLOBREGAT	55.00
UTE ROCKÓDROMO	50.00
UTE ROCKÓDROMO 2	40.00
UTE ROCKÓDROMO FASE 3	40.00
UTE RONDA HISPANIDAD	45.00
UTE RUTA NACIONAL HAITÍ	55.00
UTE S.A.I.H. CHJ	50.00
UTE S.A.I.H. SUR	40.00
UTE S.A.I.H. VALENCIA	50.00
UTE SAGUNTO	60.00
UTE SAGUNTO PARCELA M17-3	50.00
UTE SAJA	50.00
UTE SAN PEDRO	24.50
UTE SAN VICENTE	43.00
UTE SANEAMIENTO ARCO SUR	56.50
UTE SANEAMIENTO PAS-PISUEÑA	60.00
UTE SANEAMIENTO DE VILLAVICIOSA	80.00
UTE SANTA BRÍGIDA	50.00
UTE SANTA COLOMA DE FARNERS	50.00
UTE SANTA MARÍA D'OLO-GURB	60.00
UTE SANTO DOMINGO	70.00
UTE SEGUNDA FASE DELICIAS ZARAGOZA	50.00
UTE SEMINARIO P3-2	99.00
UTE SERVEIS AFECTATS CASTELLÓ D'AMPÚRIES	50.00
UTE SEVILLA SUR	65.00
UTE SIETE AGUAS - BUÑOL	66.66
UTE SISTEMA INTEGRAL ALICANTI SUR	66.67

	Percentage of ownership at 31 December 2011
UTE SISTEMAS METRO MALAGA	25.00
UTE SOMOSAGUAS	50.00
UTE SOTIELLO	50.00
UTE SOTO DE HENARES	70.00
UTE SSAA AP - 7	50.00
UTE STA Mª DEL CAMÍ	45.00
UTE STADIUM	70.00
UTE SUBESTACIÓN SERANTES	50.00
UTE TALLERES METRO	80.00
UTE TARRAGONA LITORAL	70.00
UTE TARRAGONA SUR	70.00
UTE TECSACON	20.00
UTE TELENEO	50.00
UTE TEMPLO Y C. ECUM. EL SALVADOR F1	65.00
UTE TERMINAL SUR MUELLE LEÓN Y CASTILLO	35.00
UTE TERMOSOLAR GUZMÁN	67.50
UTE TF-5 2ª FASE	70.00
UTE TINDAYA	50.00
UTE TORQUEMADA	50.00
UTE TORRE DON JIMENO	50.00
UTE TORREBLANCA	50.00
UTE TORRE ISLA CARTUJA	80.00
UTE TRAGSA - FCC A.P.	50.00
UTE TRAMBESÒS	50.00
UTE TRAMMET	50.00
UTE TRAMO DE NUEVA CONSTRUCCIÓN JÚCAR-VINALOPO	70.00
UTE TRANVÍA DE PARLA	50.00
UTE TRANVÍA L-2 PARQUE ALICANTE	55.00
UTE TRANVÍA LUCEROS-MERCADO ALICANTE	60.00
UTE TRASVASE JÚCAR VINALOPÓ	50.00
UTE TREN TRAM I	50.00
UTE TRES CANTOS GESTIÓN	50.00
UTE TRIANGLE LÍNEA 9	33.00
UTE TS VILLENA	88.00
UTE TÚNEL AEROPORT	33.00
UTE TÚNEL AEROPORT II	33.00
UTE TÚNEL C.E.L.A.	50.00
UTE TÚNEL AVE CHAMARTÍN - ATOCHA	42.00
UTE TÚNEL DE BRACONS	75.00
UTE TÚNEL DE PAJARES 1	50.00
UTE TÚNEL FIRA	33.00
UTE TÚNEL PROVISIONAL ESTACIÓN ATOCHA	42.00
UTE TÚNEL PASANTE ESTACION DE ATOCHA	42.00

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	Percentage of ownership at 31 December 2011
UTE TÚNEL SANT JUST	60.00
UTE TÚNEL TERRASSA	36.00
UTE TUNELADORA METRO	36.00
UTE TÚNELES DE GUADARRAMA	33.33
UTE TÚNELES DE SORBES	67.00
UTE TÚNELES DELICIAS	65.00
UTE UE 1 ARROYO DEL FRESNO	50.00
UTE UE 2 ARROYO DEL FRESNO	50.00
UTE UE 2 VALLECAS	25.00
UTE UE 5 VALLECAS	33.33
UTE UE 6 VALLECAS	33.33
UTE UNIVERSIDAD DE MÁLAGA	65.00
UTE UNQUERA - PENDUELES	80.00
UTE URBANIZACIÓN PARC SAGUNT	50.00
UTE URBANIZACIÓN SOMOSAGUAS	50.00
UTE URBANIZACIÓN VIA PARQUE TRAMO A.V.L. CARB.-P	60.00
UTE VALDEVIVIENDAS II	33.33
UTE VALLE INFERIOR	80.00
UTE VARIANTE DE MONZÓN	70.00
UTE VARIANTE MACHA REAL	67.00
UTE VELA BCN	33.33
UTE VELÓDROMO	60.00
UTE VERTEDERO CASTAÑEDA	62.50
UTE VÍA ACCESOS SANTIAGO	50.00
UTE VÍAS COLECTORAS LA CARPETANIA	50.00
UTE VIC - RIPOLL	34.00
UTE VIDRERES	34.00
UTE VIGO-DAS MACEIRAS	50.00
UTE VILLAR - PLASENCIA	70.00
UTE VULLPALLERES	65.00
UTE WTC ELECTRICIDAD	50.00
UTE YELTES	75.00
UTE YESA	33.33
UTE ZONAS VERDES ENSANCHE DE VALLECAS	33.33
UTE ZUBALBURU XXI	16.66

	Percentage of ownership at 31 December 2011
CEMENT	
UTE A-27 VALLS-MONTBLANC	26.29
UTE AVE GIRONA	26.29
UTE BCN SUD	7.89
UTE GROUPEMENT EUROBETON	23.15
UTE LAV SAGRERA	17.52
UTE NUEVA ÁREA TERMINAL	26.29
UTE OLÉRDOLA	31.55
UTE ULLÁ	26.29

MANAGEMENT REPORT

DIRECTOR'S REPORT

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES (CONSOLIDATED GROUP)

1. HIGHLIGHTS

FCC strengthens its presence in municipal and industrial waste treatment

The company obtained major contracts in Spain in 2011, including the construction of a municipal waste treatment complex in Guipúzcoa and its management for 5 years with the possibility of 5-year extensions, for 322 million euro. The contract includes mechanical-biologic treatment and energy-from-waste plants together with ancillary facilities.

In the UK, the company commenced construction of an end-to-end municipal waste treatment and incineration plant in Lincolnshire. The facilities, which are financed by the local government and will have the capacity to treat up to 150,000 tonnes/year and generate 12 MW of electric power, will be managed by WRG for 25 years, representing a backlog of 329 million pounds.

In 2011, FCC Ambito started up one of the first refuse-derived fuel (RDF) plants in Spain (Castellbisbal), which will produce up to 30,000 tonnes of alternative fuel per year. The company has also commenced construction of the first plant on the east coast of the US (Baltimore) for the recovery and reuse of base lube; the estimated cost is 35 million euro. The raw materials for both projects will come from Group-managed plants and waste collection networks.

FCC's backlog of international infrastructure projects increased by 9.7% (accounting for more than 50% of the total infrastructure backlog), and amounts to 9.5 billion euro

FCC expanded its international backlog by 436 million euro in 2011; those projects account for 52% of the total. The company's strong share in several local markets together with the adjudication of important contracts in certain activities where the Group has extensive experience increased the total backlog to 9.5 billion euro.

Major contracts include a railway line in northern Algeria (407 million euro), and metros in Panama (483 million euro), Toronto (134 million euro) and Bucharest (close to 100 million euro).

FCC advanced its policy to strengthen its financial position by divesting non-core assets worth 575 million euro

In December, FCC sold Torre Picasso for 400 million euro and completed the reorganisation of its real estate assets with the sale of two buildings, in Madrid and Barcelona, for 60 million euro. Also in December, it completed the sale of Eyssa (Estacionamientos y Servicios, S.A.), which was part of Versia, for 115 million euro. Eyssa manages a total of 160,000 on-street parking spaces in 60 Spanish cities.

These operations pursue FCC's goal of strengthening its financial position and focusing on the development of core activities.

Globalvia commences a new phase with the support of large international funds

Globalvia, owned 50% by FCC, successfully included new financial partners for its future projects by issuing a 5-year 400 million euro convertible bond, with the possibility of a 350 million euro tap. This operation commences a new phase of growth for the company, which will focus on managing road and railway concessions and expanding its portfolio in OECD countries.

FCC signs several agreements to develop electric mobility infrastructure

FCC has signed a strategic agreement with Siemens to develop electric mobility technologies. FCC will participate in research projects and will implement the necessary infrastructure in the future. FCC also signed an agreement with Citroën Spainand BlueMobility to build the electrical installations for the charging points at Citroën vehicle dealerships and provide battery charging equipment for Citroën's own fleet of electric and hybrid vehicles.

Bond placement by Alpine, which heads the Group's international infrastructure business

In June, FCC's Austrian subsidiary, Alpine, completed a 90 million euro 5.25% bond issue. Strong demand led the company to increase the issue from the initial 75 million euro. This is FCC Group's third bond issue in the last two years, and Alpine's second, after having successfully raised 100 million euro in June 2010.

MANAGEMENT REPORT

2. EXECUTIVE SUMMARY

- **Revenues** from **outside Spain** expanded by **13.6%** and accounted for 52.4% of the total.
- The **international backlog** expanded by **8.5%**, providing a total backlog of 35,238 million euro.
- Ebitda from **Services increased 5.3%** in like-for-like terms, representing 64.9% of the total.
- **Net attributable profit** amounted to **108.2 million euro**.
- **Net interest-bearing debt declined 19.0%** to 6,277.2 million euro.

Earnings in 2011 reflect progress with internationalisation, as revenues from outside Spain expanded by 13.6% and the international backlog by 8.5%, broadly offsetting the decline in infrastructure-related demand in Spain. Services reported solid recurring performance, with EBITDA up 5.3% like-for-like (adjusted for Versia divestments), accounting for 64.9% of the Group total.

Strong capital gains on the sale of several real estate assets and Eyssa offset goodwill and certain fixed assets write down in the Cement area by a total of 300.8 million euro, in line with projected demand in Spain. Following that adjustment, which did not impact cash flow, net attributable profit was 108.2 million euro.

The free cash flow from operations, together with the divestment of non-core assets, reduced net interest-bearing debt by 1,471.5 million euro (19%) year-on-year.

ACTIVITIES DESIGNATED AS DISCONTINUED OPERATIONS:

The assets and liabilities corresponding to certain business lines and geographic areas (FCC Energía, and Cement in the US) have been designated as "discontinued operations" in the 2011 consolidated financial statements and are classified under assets and liabilities available for sale (see note 5.2). For this reason, to enable comparison, the income statement and cash flow statement for 2010 have been restated.

KEY FIGURES			
(million euro)	Dec. 11	Dec. 10	Chg. (%)
Net sales	11,754.8	11,908.1	-1.3%
Ebitda*	1,252.3	1,366.1	-8.3%
Ebitda margin	10.7%	11.5%	-0.8 p.p
Ebit	400.8	777.9	-48.5%
Ebit margin	3.4%	6.5%	-3.1 p.p
Income attributable to equity holders of the parent company	108.2	301.3	-64.1%
Operating cash flow	999.4	967.8	3.3%
Investment cash flow	5.2	(507.4)	-101.0%
* In like-for-like terms, the change is -6.6%			
(million euro)	Dec. 11	Dec. 10	Chg. (%)
Equity (excl. non-controlling interests)	2,378.9	2,562.9	-7.2%
Net interest-bearing debt	(6,277.2)	(7,748.7)	-19.0%
Backlog	35,237.6	35,309.0	-0.2%

3. SUMMARY BY BUSINESS AREA

Area	Dec. 11	Dec. 10	Chg. (%)	% of 2011 total	% of 2010 total
(million euro)					
REVENUES BY BUSINESS AREA					
Environmental services	3,735.4	3,672.2	1.7%	31.8%	30.8%
Construction	6,686.2	6,693.6	-0.1%	56.9%	56.2%
Cement	609.1	753.3	-19.1%	5.2%	6.3%
Versia	767.3	846.3	-9.3%	6.5%	7.1%
Parent company and other*	(43.2)	(57.3)	-24.6%	-0.4%	-0.5%
Total	11,754.8	11,908.1	-1.3%	100.0%	100.0%
REVENUES BY GEOGRAPHIC AREA					
Spain	5,591.5	6,483.1	-13.8%	47.6%	54.4%
Austria and Germany	2,446.9	2,327.2	5.1%	20.8%	19.5%
Eastern Europe	1,299.3	1,115.9	16.4%	11.1%	9.4%
United Kingdom	770.4	705.8	9.2%	6.6%	5.9%
Rest of Europe	657.1	607.8	8.1%	5.6%	5.1%
America and others	989.7	668.3	48.1%	8.4%	5.6%
Total	11,754.8	11,908.1	-1.3%	100.0%	100.0%
EBITDA					
Environmental services	697.9	657.7	6.1%	55.7%	48.1%
Construction	303.9	355.5	-14.5%	24.3%	26.0%
Cement	150.1	216.7	-30.7%	12.0%	15.9%
Versia	114.9	139.0	-17.3%	9.2%	10.2%
Parent company and other*	(14.5)	(2.8)	N.A.	-1.2%	-0.2%
Total	1,252.3	1,366.1	-8.3%	100.0%	100.0%
EBIT					
Environmental services	366.2	323.5	13.2%	91.4%	41.6%
Construction	212.3	241.6	-12.1%	53.0%	31.1%
Cement	(293.1)	91.0	N.A.	-73.1%	11.7%
Versia	36.2	192.9	-81.2%	9.0%	24.8%
Parent company and other*	79.2	(71.1)	N.A.	19.8%	-9.1%
Total	400.8	777.9	-48.5%	100.0%	100.0%

* Other includes Torre Picasso, restructuring costs and consolidation adjustments

Area	Dec. 11	Dec. 10	Chg. (%)	% of 2011 total	% of 2010 total
(million euro)					
NET DEBT					
Environmental services	4,303.9	4,352.6	-1.1%	68.6%	56.2%
Construction	656.0	519.6	26.3%	10.4%	6.7%
Cement	942.5	1,287.5	-26.8%	15.0%	16.6%
Versia	189.6	290.8	-34.8%	3.0%	3.8%
Parent company**	185.2	1,298.2	-85.7%	3.0%	16.8%
Total	6,277.2	7,748.7	-19.0%	100.0%	100.0%
BACKLOG					
Environmental services	25,719.4	25,325.0	1.6%	73.0%	71.7%
Construction	9,518.2	9,984.0	-4.7%	27.0%	28.3%
Total	35,237.6	35,309.0	-0.2%	100.0%	100.0%

** In 2011,"Parent company" includes funding of equity-accounted affiliates (with a book value of 1,115.7 million euro at 31 December). In 2010, it also includes debt linked to Torre Picasso.

4. INCOME STATEMENT

(million euro)	Dec. 11	Dec. 10	Chg. (%)
Net sales	11,754.8	11,908.1	-1.3%
Ebitda	1,252.3	1,366.1	-8.3%
Ebitda margin	10.7%	11.5%	-0.8 p.p
Depreciation and amortisation	(643.5)	(659.2)	-2.4%
Other operating income	(208.0)	71.0	N.A.
Ebit	400.8	777.9	-48.5%
Ebit margin	3.4%	6.5%	-3.1 p.p
Financial income	(411.5)	(332.0)	23.9%
Other financial results	32.4	(14.6)	N.A.
Equity-accounted companies	33.3	12.9	158.1%

MANAGEMENT REPORT

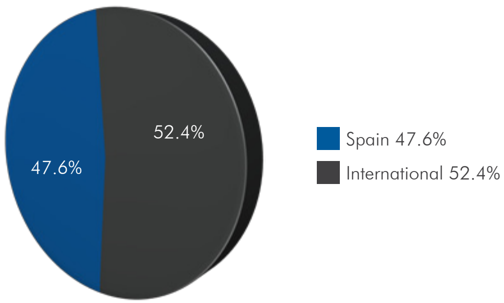
(million euro)	Dec. 11	Dec. 10	Chg. (%)
Earnings before taxes (EBT) from continuing activities	**55.0**	**444.3**	**-87.6%**
Corporate income tax expense	(27.2)	(97.8)	-72.2%
Income from continuing operations	**27.8**	**346.5**	**-92.0%**
Income from discontinued operations	(24.9)	(32.9)	-24.3%
Net profit	**2.9**	**313.6**	**-99.1%**
Non-controlling interests	105.3	(12.3)	N.A.
Income attributable to equity holders of the parent company	**108.2**	**301.3**	**-64.1%**

4.1 Revenues

Revenues amounted to 11,754.8 million euro in 2011, a decline of 1.3% year-on-year. That decline (-0.8% in like-for-like terms) is very small considering the effect of the sale of Versia assets in 2010.

The company registered solid growth in international markets in 2011, with revenues expanding by 13.6%, driven by Construction and Environmental Services, which almost entirely offset the 13.8% decline in revenues in Spain due to the poor performance by Construction and Cement.

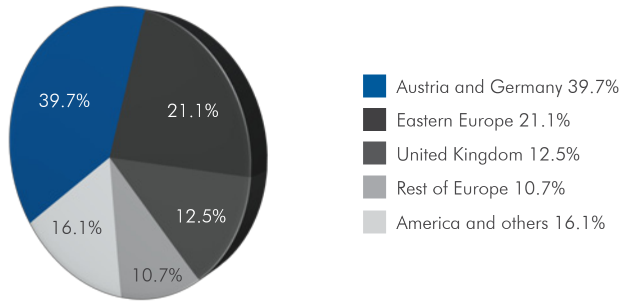
% Revenues by Geographic Area



Notably, for the first time in the history of FCC Group, international revenues exceeded revenues from Spain and accounted for 52.4% of the total in 2011.

International revenue breakdown (million euro)	Dec. 11	Dec. 10	Chg. (%)
Austria and Germany	2,446.9	2,327.2	5.1%
Eastern Europe	1,299.3	1,115.9	16.4%
United Kingdom	770.4	705.8	9.2%
Rest of Europe	657.1	607.8	8.1%
America and others	989.6	668.3	48.1%
Total	**6,163.2**	**5,425.0**	**13.6%**

% International Revenues by Geographic Area

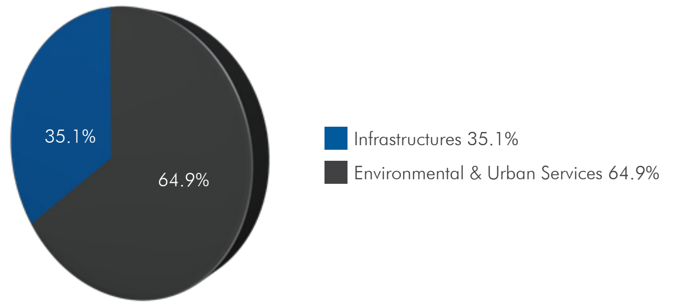


4.2 EBITDA

Ebitda amounted to 1,252.3 million euro in the year, i.e. an 8.3% decline compared with 2010 (6.6% in like-for-like terms), due primarily to reduced activity in the infrastructure divisions in Spain (Construction and Cement).

Ebitda expanded notably in Services (+5.3% in like-for-like terms), and accounts for 64.9% of the Group total, offsetting the deterioration in infrastructure activity.

EBITDA by Business Area



EBITDA also includes smaller components, such as restructuring costs (18.5 million euro) and the contribution from Torre Picasso (22.2 million euro).

4.3 EBIT

The depreciation and amortisation charge in 2011 decreased by 2.4% with respect to 2010, to 643.5 million euro. That figure includes 77.9 million euro for the depreciation of assets that were stepped up on consolidation in the FCC Group.

Other operating income reflects two items:

First, the capital gains booked on the sale of Eyssa (on-street parking management, under Versia), Torre Picasso, and other real estate assets in the fourth quarter of 2011, providing a total of 195.2 million euro. In 2010, that item reflected the capital gains booked on the sale of the vehicle testing businesses and 19 underground car parks.

And second, the adjustment in goodwill at some companies in the Cement area (mainly Grupo Unland) and other productive fixed assets, for a total of 300.8 million euro. This adjustment is attributable to demand performance in the Spanish market in 2011 and that projected in the future.

As a result, EBIT amounted to 400.8 million euro in 2011, i.e. a decline of 48.5% with respect to 2010.

4.4 Earnings before taxes (EBT) from continuing activities

EBT from continuing activities amounted to 55 million euro after including the following items in EBIT:

4.4.1. Financial income

A net financial expense and other financial results amounting to 379.1 million euro, up 9.4% with respect to 2010.

The Other financial income item primarily reflects the effect of fair value changes in financial instruments and of exchange rate fluctuations.

4.4.2. Equity-accounted affiliates

The contribution from equity-accounted affiliates increased notably, to 33.3 million euro; of special note is the contribution from companies in the Environmental Services area.

4.5 Profit attributable to equity holders of the parent company

Net attributable profit in 2011 amounted to 108.2 million euro, i.e. 64.1% less than in 2010. This variation is completely due to the mentioned value adjustment in certain assets from the cement area, and:

4.5.1. Income tax expense

The income tax expense amounted to 27.2 million euro, which accrued tax rate, adjusted for the contribution of the results by the equity method, is lower than in the previous year due to the contribution of credit tax from the Cement area.

4.5.2. Minority interests

A loss of 105.3 million euro corresponds to the minority shareholders, almost entirely due to the significant reduction in the contribution of the cement area, which concentrates the loss.

5. BALANCE SHEET

(million euro)	Dec. 11	Dec. 10	Chg. (M€)
Intangible assets	4,317.0	5,063.7	(746.7)
Property. plant and equipment	4,636.4	6,092.8	(1,456.4)
Equity-accounted affiliates	1,115.7	1,222.9	(107.2)
Non-current financial assets	462.0	415.8	46.2
Deferred tax assets and other non-current assets	542.9	598.6	(55.7)
Non-current assets	**11,074.1**	**13,393.7**	**(2,319.6)**
Non-current assets available for sale	1,847.0	0.0	1,847.0
Inventories	1,271.4	1,138.4	133.0
Trade and other accounts receivable	5,556.7	5,542.6	14.1
Other current financial assets	395.7	225.8	169.9
Cash and cash equivalents	2,302.6	1,678.7	623.9
Current assets	**11,373.4**	**8,585.4**	**2,788.0**
TOTAL ASSETS	22,447.5	21,979.1	468.4

(million euro)	Dec. 11	Dec. 10	Chg. (M€)
Equity attributable to equity holders of parent company	2,378.9	2,562.9	(184.0)
Non-controlling interests	536.1	643.4	(107.3)
Equity	**2,914.9**	**3,206.3**	**(291.4)**
Grants	159.7	104.7	55.0
Long-term provisions	1,083.1	1,047.8	35.3
Long-term interest-bearing debt	4,365.4	7,140.4	(2,775.0)
Other non-current financial liabilities	794.9	1,488.6	(693.7)
Deferred tax liabilities and other non-current liabilities	1,132.2	1,181.0	(48.8)
Non-current liabilities	**7,535.3**	**10,962.5**	**(3,427.2)**
Liabilities linked to non-current assets available for sale	1,396.7	0.0	1,396.7
Current provisions	178.9	143.2	35.7
Short-term interest-bearing debt	4,607.2	1,588.9	3,018.3
Other current financial liabilities	223.4	399.3	(175.9)
Trade and other accounts payable	5,591.0	5,678.8	(87.8)
Current liabilities	**11,997.2**	**7,810.3**	**4,186.9**
TOTAL LIABILITIES	22,447.5	21,979.1	468.4

5.1 Equity-accounted affiliates

The investment in equity-accounted companies (1,115.7 million euro) comprised mainly the following at the end of the year:

a. 424.6 million euro corresponding to the 50% stake in Globalvia Infraestructuras (GVI).
b. 139.4 million euro corresponding to the 30% stake in Realia.
c. 78.7 million euro corresponding to concession companies not contributed to GVI.
d. 47.8 million euro corresponding to the 50% stake in the Proactiva group (Environmental Services).
e. 425.2 million euro corresponding to all other equity-accounted companies.

The carrying value of FCC's holdings in infrastructure concessions amounted to 543.1 million euro at the end of 2011. That figure includes the value attributable to FCC for its 50% stake in GVI (424.6 million euro) and the value of its holdings in other concession companies, both equity-accounted (78.7 million euro) and fully consolidated (39.8 million euro).

5.2 Non-current assets and liabilities held for sale

Of the 1,847 million euro in non-current assets available for sale at 31 December 2011, 1,162.4 million euro correspond to FCC Energía and 684.5 million euro to Giant Cement (the cement business activity in the US).

Those assets had liabilities amounting to 1,396.7 million euro; of which 931.9 million euro correspond to FCC Energía and 464.8 million euro to Giant Cement.

5.3 Equity

Equity attributable to the parent company amounted to 2,378.9 million euro, down 184 million euro with respect to 2010. This is due primarily to the allocation of consolidated income for the period (108.2 million euro), dividend distribution to shareholders of FCC, S.A. and minority interests in the FCC Group (173.2 million euro), and other items, including changes in the fair value of hedging instruments.

5.4 Net interest-bearing debt

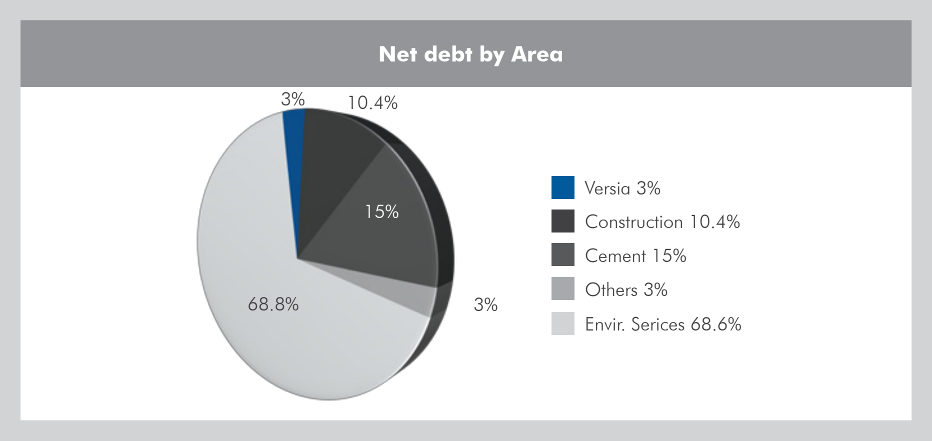
At the end of December 2011, net interest-bearing debt amounted to 6,277.2 million euro, down 1,471.5 million euro (-19%) year-on-year.

(million euro)	Dec. 11	Dec. 10	Chg. (M€)
Bank debt	8,072.1	8,524.8	(452.7)
Debt instruments and other loans	705.2	680.6	24.6
Accounts payable due to financial leases	96.0	154.1	(58.1)
Other financial liabilities	99.3	293.6	(194.3)
Gross interest-bearing debt	**8,972.6**	**9,653.1**	**(680.5)**
Cash and other financial assets	(2,695.4)	(1,904.4)	(791.0)
Net interest-bearing debt	**6,277.2**	**7,748.7**	**(1,471.5)**
With recourse	*4,224.9*	*4,988.2*	*(763.3)*
Without recourse	*2,052.3*	*2,760.5*	*(708.2)*

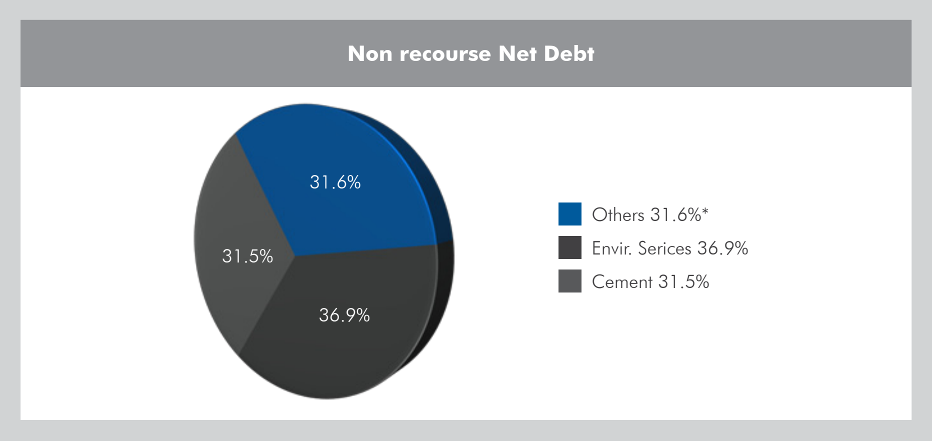
Interest-bearing debt was reduced through a combination of factors—free cash flow from operations during the year, together with divestments of non-core assets—which together amounted to 623.8 million euro. Moreover, exchange rate fluctuations and the change in value of derivatives reduced the debt by 157.3 million euro. Net interest-bearing debt at FCC Energía and Giant Cement, classified as non-current assets available for sale, amounted to 572.5 million euro and 311.9 million euro, respectively, at 31 December 2010.

The breakdown of debt by business area is in line with their nature, cash flow, and asset volume. Environmental Services accounted for 68.6% of net debt, connected to stable, regulated long-term public utility contracts. Cement, a business which accounts for a large proportion of fixed assets on the balance sheet, accounts for 15.0% of total net debt. Construction accounts for 10.4%, Versia for 3.0% and the Corporate area for just 3.0%.

MANAGEMENT REPORT



Moreover, 2,052.3 million euro of net debt, i.e. 32.7% of the total, is without recourse. The reduction with respect to December 2010 corresponds in large part to the debt of the Energy area, which is classified as an asset available for sale. The breakdown of debt without recourse by activity is as follows:



* other includes convertibles bonds of FCC S.A.

5.5 Other current and non-current financial liabilities

The balance of other current and non-current financial liabilities amounted to 1,018.3 million euro and includes other financial liabilities not classified as interest-bearing debt, such as those linked to suppliers of property, plant and equipment (operation permits for urban furniture at Versia), deposits and guarantees received, and stock options.

6. CASH FLOW

From continuing activities (million euro)	Dec. 11	Dec. 10	Chg. (%)
Funds from operations	1,286.4	1,437.7	-10.5%
(Increase)/decrease in working capital	(230.6)	(424.5)	-45.7%
Other items (taxes, dividends, etc.)	(56.4)	(45.4)	24.2%
Operating cash flow	**999.4**	**967.8**	**3.3%**
Investing cash flow	5.2	(507.4)	-101.0%
Cash flow from business operations	**1,004.6**	**460.4**	**118.2%**
Financing cash flow	(574.8)	(586.7)	-2.0%
Other cash flow (exchange differences, change in consolidation scope, etc.)	157.3	98.2	60.2%
(Increase) / decrease in net interest-bearing debt	587.1	(28.1)	N.A.
Decline in net interest-bearing debt due to discontinued activities	*884.4*	*(65.4)*	*N.S.*
(Increase) / decrease in net interest-bearing debt	1,471.5	(93.6)	N.A.

6.1 Operating cash flow

Operating cash flow amounted to 999.4 million euro in 2011, i.e. 3.3% more than in 2010. The decline in funds from operations, in line with the reduction in EBITDA, was amply offset by the reduction in working capital (-193.9 million euro year-on-year).

6.2 Investing cash flow

	Dec. 11	Dec. 10	Chg. (%)
Environmental services	(317.0)	(356.2)	-11.0%
Construction	(73.5)	(288.5)	-74.5%
Cement	(35.4)	(7.1)	N.A.
Versia	(7.0)	31.9	N.A.
Parent company and other	438.1	112.5	N.A.
Total	5.2	(507.4)	-101.0%

The divestment of Eyssa, Torre Picasso and other real estate assets for a total of 575 million euro, results in a positive 5.2 million euro Investing cash flow in 2011. Torre Picasso and other real estate are included under Parent company and other consolidation adjustments. In 2010, investing cash flow reflected the sale of the vehicle inspection business and 19 underground car parks, for a total of 252 million euro.

This item also includes 64.3 million euro of capital expenditure at several companies and business units in the environmental services and construction divisions.

6.3 Financing cash flow

Financing cash flow decreased by 2% with respect to 2010. In addition to debt servicing, this item includes 173.2 million euro in dividend payments by the Group's consolidated companies, and 20.7 million euro for the net variation of equity instruments, compared with 76.0 million euro in 2010.

6.4 Other

This item primarily reflects the currency effect on foreign currency debt and changes in the value of financial instruments.

7. BUSINESS PERFORMANCE

7.1 Environmental services

7.1.1 Results

(million euro)	Dec. 11	Dec. 10	Chg. (%)
Revenues	3,735.4	3,672.2	1.7%
Spain	2,321.1	2,361.0	-1.7%
International	1,414.3	1,311.2	7.9%
Ebitda	697.9	657.7	6.1%
Ebitda margin	18.7%	17.9%	0.8 p.p
Ebit	366.2	323.5	13.2%
Ebit margin	9.8%	8.8%	1.0 p.p

Environmental Services performed well in 2011, with revenues increasing 1.7%, to 3,735.4 million euro. Revenues expanded in international markets, by 7.9%, but fell slightly in Spain, by 1.7%.

(million euro)	Dec. 11	Dec. 10	Chg. (%)
Revenues – Spain	2,321.2	2,361.0	-1.7%
Environment	1,493.4	1,501.1	-0.5%
Water	668.4	694.8	-3.8%
Industrial Waste	159.4	165.1	-3.5%
Revenues – International	1,414.3	1,311.2	7.9%
Environment	1,078.4	1,022.2	5.5%
Water	176.6	173.2	2.0%
Industrial Waste	159.3	115.9	37.4%

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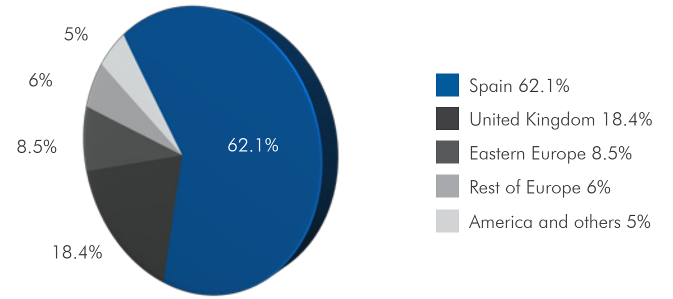
Revenues in the International Environment area rose by a notable 5.5%, driven by the start of construction of a new waste treatment plant in Lincolnshire (UK) and by increased activity at ASA, where a soil decontamination project in the Czech Republic made a significant contribution. Industrial Waste revenues maintained a notable pace of growth, rising 13.4% due to the larger volume of waste treated in the US and Portugal and to appreciation by petroleum-based products. The 2.7% decline in revenues in the Water division is due primarily to a decline in the execution of water infrastructure in Spain and to the baseline effect of the construction of two desalination plants in Algeria in 2010.

International Revenues Breakdown (million euro)	Dec. 11	Dec. 10	Chg. (%)
United Kingdom	688.3	648.6	6.1%
Eastern Europe	317.5	297.8	6.6%
Rest of Europe	222.4	201.5	10.4%
America and others	186.1	163.4	13.9%
Total	1,414.3	1,311.2	7.9%

The most important international markets are the UK (accounting for 18.4% of revenues), for municipal solid waste treatment and elimination; Central and Eastern Europe (14.5%), primarily the Czech Republic and Austria, for municipal solid waste and end-to-end water management; and the US (3.7%), for industrial waste management.

Revenue breakdown by geographic area



Ebitda increased by 6.1% in 2011, to 697.9 million euro, and the Ebitda margin was 18.7%, compared with 17.9% in 2010. This significant improvement in the Ebitda margin is essentially due to the commitment by all areas to improving efficiency and cutting costs, to operational improvements in the international waste treatment businesses, and to the impact of several non-recurring items amounting to 12 million euro.

The division's backlog performed well, expanding 1.6% with respect to 31 December 2010. In Spain, the MSW management contract in Tarragona was renewed until 2023 and FCC obtained contracts to build and manage an end-to-end treatment plant in Guipúzcoa province and a wastewater treatment plant in Cádiz. Outside Spain, FCC obtained a 30-year contract for water treatment and supply in Fundao (Portugal) and a 25-year contract for the operation and maintenance of the desalination plant it built in Algeria.

Backlog breakdown by geographic area (million euro)	Dec. 11	Dec. 10	Chg. (%)
Spain	17,092.6	17,324.7	-1.3%
International	8,626.8	8,000.3	7.8%
Total	25,719.4	25,325.0	1.6%

7.1.2 Proactiva

Proactiva, the leading municipal waste and end-to-end water management company in Latin America, operates in the main countries in that region (Brazil, Argentina, Chile, Mexico, Colombia, etc.). The group is owned 50% by FCC and is equity-accounted, in line with FCC accounting policy.

Proactiva's revenues totalled 470.1 million euro in 2011, i.e. growth of 12.0% year-on-year. Ebitda amounted to 98.9 million euro (+25.8% year-on-year), and the Ebitda margin was 21%. Net interest-bearing debt amounted to 97.9 million euro at 31 December.

7.1.3 Cash flow

(million euro)	Dec. 11	Dec. 10	Chg. (%)
Funds from operations	714.4	695.6	2.7%
(Increase) / decrease in working capital	(130.9)	(155.2)	-15.7%
Other items (taxes, dividends, etc.)	(43.4)	(50.8)	-14.6%
Operating cash flow	540.1	489.6	10.3%
Investing cash flow	(317.0)	(356.2)	-11.0%
Cash flow from business operations	223.1	133.4	67.2%
Financing cash flow	(318.5)	(232.4)	37.0%
Other cash flow (exchange differences, change in consolidation scope, etc.)	144.1	(61.4)	-334.7%
(Increase) / decrease in net interest-bearing debt	48.7	(160.4)	-130.4%

(million euro)	Dec. 11	Dec. 10	Chg. (M€)
Net interest-bearing debt	4,303.9	4,352.6	(48.7)
With recourse	3,545.8	3,464.9	80.9
Without recourse	758.1	887.7	(129.6)

Operating cash flow in the year totalled 540.1 million euro, up 10.3% with respect to 2010. In addition to the increase in funds from operations, working capital declined by 24.3 million euro.

Net investments declined by 11.0%, to 317 million euro, primarily for maintenance capex and fulfilment of operating contracts. Of that amount, 15.3 million euro correspond to new projects, most of which were water concessions outside Spain.

After financing cash flow and other changes (primarily fair value changes in hedging instruments), net debt fell by 1.1% in 2011, to 4,303.9 million euro.

7.2 Construction

7.2.1 Results

(million euro)	Dec.11	Dec. 10	Chg. (%)
Revenues	6,686.2	6,693.6	-0.1%
Spain	2,320.4	3,022.3	-23.2%
International	4,365.8	3,671.3	18.9%
Ebitda	303.9	355.5	-14.5%
Ebitda margin	4.5%	5.3%	-0.8 p.p
Ebit	212.3	241.6	-12.1%
Ebit margin	3.2%	3.6%	-0.4 p.p

Revenues in the Construction area amounted to 6,686.2 million euro, in line with 2010, due to notable 18.9% growth in international revenues, which offset the decline in activity in Spain.

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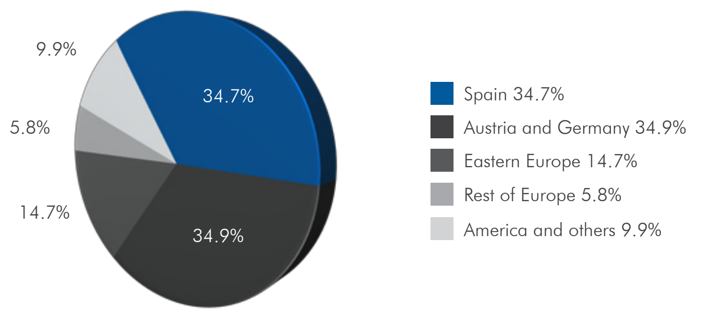
International Revenue Breakdown (million euro)	Dec. 11	Dec. 10	Chg. (%)
Austria and Germany	2,335.4	2,216.9	5.3%
Eastern Europe	981.7	818.1	20.0%
Rest of Europe	386.5	308.1	25.4%
America and others	662.2	328.2	101.8%
Total	**4,365.8**	**3,671.3**	**18.9%**

By geographic area, revenues in Austria and Germany expanded by 5.3%, driven by the execution of major contracts, such as the Karlsruhe tunnel in Germany. Revenues increased in Eastern Europe by 20% due to the development of projects such as the A-1 and S-5 toll roads in Poland, and revenues expanded in the rest of Europe by 25.4%, notably including construction of the Enniskillen Hospital in Northern Ireland. Activity in America and other countries doubled compared with 2010, due primarily to the progress of major contracts in Panama (the metro and other infrastructure).

Revenue breakdown by geographic area



Civil engineering projects account for 57.4% of revenues, non-residential building for 20.7%, industrial services for 13.2% and residential building for 8.7%.

Revenue breakdown by segment (million euro)	Dec. 11	Dec. 10	Chg. (%)
Civil engineering	3,840.2	4,080.6	-5.9%
Non-residential building	1,386.5	1,153.3	20.2%
Industrial services	880.0	693.0	27.0%
Residential building	579.5	766.7	24.4%
Total	**6,686.2**	**6,693.6**	**-0.1%**

This year FCC has included a new business area, industrial services and facilities, which includes the activities performed by Alpine Energy (100% subsidiary of Alpine) in various countries of the EU, and other subsidiaries in Spain in the area of network construction and maintenance (energy, electricity, telecommunications and railways), as well as construction and maintenance of electromechanical facilities.

EBITDA totalled 303.9 million euro in 2011, and the EBITDA margin was 4.5% (5.3% in 2010). This decline is attributable to lower exposure to civil engineering and the fact that several large international projects are still in the initial phases.

The international backlog expanded by 9.7%, due to large contracts such as the railway line in northern Algeria (407 million euro), and the metros in Panama (483 million euro), Toronto (134 million euro) and Bucharest (close to 100 million euro).

The backlog does not reflect recent contracts, such as a second railway line in Algeria (66 kilometres; 628 million euro), a hospital complex in Panama (445 million euro), and road network reorganisation in Panama City (284 million euro).

Backlog breakdown by geographic area (million euro)	Dec. 11	Dec. 10	Chg. (%)
Spain	4,610.2	5,512.0	-16.4%
International	4,908.0	4,472.0	9.7%
Total	9,518.2	9,984.0	-4.7%

At the end of 2011, civil engineering and industrial services continued to account for the bulk of the backlog, i.e. 76.2% of the total, while non-residential building accounted for 20.1% and residential building for 3.7%.

Backlog breakdown by segment (million euro)	Dec.11	Dec. 10	Chg. (%)
Civil engineering	6,601.2	6,920.0	-4.6%
Non-residential building	1,913.0	2,143.0	-10.7%
Industrial services	653.0	604.0	8.1%
Residential building	351.0	317.0	10.7%
Total	9,518.2	9,984.0	-4.7%

7.2.2 Cash flow

(million euro)	Dec.11	Dec. 10	Chg. (%)
Funds from operations	361.5	380.2	-4.9%
(Increase) / decrease in working capital	(243.9)	(362.3)	-32.7%
Other items (taxes, dividends, etc.)	(58.2)	19.4	-400.0%
Operating cash flow	59.4	37.3	59.2%
Investing cash flow	(73.5)	(288.5)	-74.5%
Cash flow from business operations	(14.1)	(251.2)	-94.4%
Financing cash flow	(175.2)	62.1	-382.1%
Other cash flow (exchange differences, change in consolidation scope, etc.)	52.8	83.2	-36.5%
(Increase) / decrease in net interest-bearing debt	(136.5)	(105.9)	28.9%
(million euro)	Dec.11	Dec. 10	Chg. (M€)
Net interest-bearing debt	656.0	519.6	136.4
With recourse	*670.0*	*513.1*	*156.9*
Without recourse	*(14.0)*	*6.5*	*(20.5)*

Operating cash flow amounted to 59.4 million euro, with an increase of 22.1 million euro respect of the previous year, due primarily to the decrease in working capital, which offset lower funds from operations.

Investing cash flow fell by 74.5%, to 73.5 million euro (in contrast with 288.5 million euro in 2010, which included capex of 175 million euro in several infrastructure concessions).

After applying financing cash flow and other changes (mainly in the value of hedging instruments), the area's net debt amounted to 656 million euro.

7.3 Cement

7.3.1 Results

(million euro)	Dec. 11	Dec. 10	Chg. (%)
Revenues	609.1	753.3	-19.1%
Spain	488.2	592.6	-17.6%
International	120.9	160.7	-24.8%
Ebitda	150.1	216.7	-30.7%
Ebitda margin	24.6%	28.8%	-4.1 p.p
Ebit	(293.1)	91.0	N.A.
Ebit margin	-48.1%	12.1%	-60.2 p.p

Revenues in the Cement area totalled 609.1 million euro in 2011, a decline of 19.1% year-on-year. The decline in revenues in Spain is attributable to the 17.2% reduction in cement consumption in Spain, to 20.2 million tonnes, while international revenues were affected by the socio-political tensions in Tunisia from the first quarter until November of 2011.

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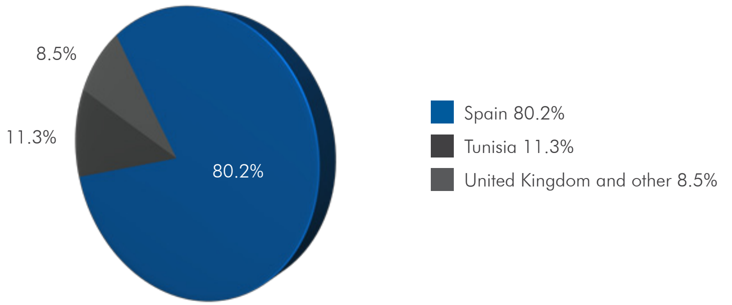
International Revenues Breakdown (million euro)	Dec. 11	Dec. 10	Chg. (%)
Tunisia	68.8	92.4	-25.5%
United Kingdom and other	52.0	68.3	-23.8%
Total	**120.9**	**160.7**	**-24.8%**

Revenue by Geographical Area



Ebitda declined by 30.7% to 150.1 million euro and the EBITDA margin fell by 4.1 percentage points, to 24.6%. This is due primarily to the situation in Tunisia (where Ebitda declined by 16.5 million euro in 2011) and to the lower utilisation rate of Spanish cement plants, due to the decline in demand.

Of special note is the increase in alternative fuel use; the company replaced 13.4% of its fossil fuel usage (compared with 7% in 2010), which cushioned the impact of lower revenues on Ebitda.

Ebit reflects the impact of value adjustments to the goodwill in the Uniland subgroup and other companies (259.3 million euro) and to certain property, plant & equipment (41.5 million euro), for a total of 300.8 million euro. The decline in their book value did not impact the area's debt or cash flow, and is attributable to the performance of revenues in Spain in 2011 together with lower demand projections this year.

This section also includes 23.8 million euro in the year for restructuring costs to align production capacity in Spain with current demand.

7.3.2 Cash Flow

From continuing Activities (million euro)	Dec. 11	Dec. 10	Chg. (%)
Funds from operations	**117.1**	**220.5**	**-46.9%**
(Increase) / decrease in working capital	0.0	68.9	N.A.
Other items (taxes, dividends, etc.)	(19.5)	(29.2)	-33.2%
Operating cash flow	**97.6**	**260.2**	**-62.5%**
Investing cash flow	(35.4)	(7.1)	N.A.
Cash flow from business operations	**62.2**	**253.1**	**-75.4%**
Financing cash flow	(59.8)	(104.2)	-42.6%
Other cash flow (exchange differences, change in consolidation scope, etc.)	30.8	26.3	17.1%
(Increase) / decrease in net interest-bearing debt	**33.1**	**175.1**	**-81.1%**
Decline in net interest-bearing debt due to discontinued activities	311.9	(43.2)	N.S.
(Increase) / decrease in net interest-bearing debt	**345.0**	**131.8**	**N.A.**
(million euro)	Dec. 11	Dec. 10	Chg. (M€)
Net interest-bearing debt	**942.5**	**1,287.5**	**(345.0)**
With recourse	*295.8*	*606.5*	*(310.7)*
Without recourse	*646.7*	*681.0*	*(34.3)*

Operating cash flow in the area in 2011 totalled 97.6 million euro, down 62.5% year-on-year due primarily to lower funds from operations in the year and to lower recovery of working capital.

Investing cash flow amounted to 35.4 million euro. The 28.3 million euro change with respect to 2010 is attributable to greater capex for new projects with a view to progressively increasing the use of alternative fuels, and to the comparative effects of divesting 19.3 million euro of idle assets in 2010.

After applying financing cash flow (which reduced debt by 33.1 million euro) and reclassifying cement assets in the US as discontinued operations, net debt declined to 942.5 million euro.

7.4 Versia

7.4.1 Results

(million euro)	Dec. 11	Dec. 10	Chg.(%)
Revenues	**767.3**	**846.3**	**-9.3%**
Spain	504.1	564.7	-10.7%
International	263.3	281.6	-6.5%
Ebitda	**114.9**	**139.0**	**-17.3%**
Ebitda margin	15.0%	16.4%	-1.4 p.p
Ebit	**36.2**	**192.9**	**-81.2%**
Ebit margin	4.7%	22.8%	-18.1 p.p

Revenues from urban services (Versia) declined by 9.3% to 767.3 million euro due to the divestment of the vehicle testing business and 19 underground car parks at the end of 2010. Excluding that effect, revenues would have declined by just 2.0% in like-for-like terms.

Breakdown of revenues by business (million euro)	Dec. 11	Dec. 10	Chg. (%)
Logistics	270.8	284.9	-4.9%
Handling	239.1	244.4	-2.2%
Urban Furniture	135.9	129.4	5.0%
Car Parks*	65.0	76.8	-15.3%
Vehicle testing	0.0	55.8	N.A.
Others**	56.5	54.9	2.9%
Total	**767.3**	**846.3**	**-9.3%**

*Partially divested in 2010.

**Other include SVAT and Maintenance-Systems

The division reported sustained growth in the urban furniture business, and a recovery in Maintenance & Systems activities (under "Others"). Revenues were lower in car parks and zero in vehicle testing due to the above-mentioned divestments.

International Revenue Breakdown (million euro)	Dec. 11	Dec. 10	Chg. (%)
Europe	205.3	217.0	-5.4%
US, Brazil and others	57.9	64.7	-10.5%
Total	**263.2**	**281.7**	**-6.6%**

Revenues in Spain accounted for 65.7% of the total. The international component is particularly important in Handling (66.1% of revenues; mainly in Belgium and Italy) and Urban Furniture (55.1%; mainly USA, Portugal and Brazil). The 10.5% decline in international revenues is due to the sale of the vehicle testing business in Argentina in 2010.

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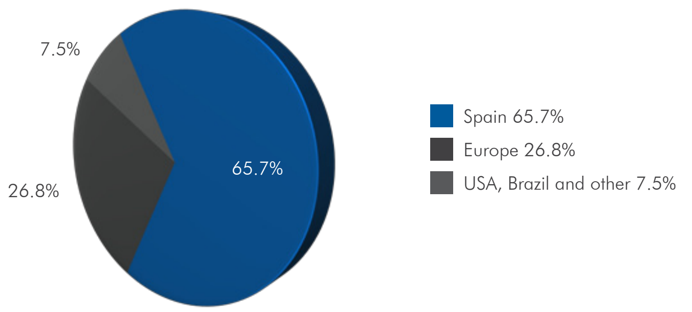
Revenue by Geographical Area



Ebitda totalled 114.9 million euro in 2011, a 17.3% decrease. Excluding the effect of the sale of the vehicle testing business and underground car parks in 2010, Ebitda would have increased by 0.7% in like-for-like terms. The Urban Furniture division performed especially well, which provided for an increase in operating profitability in like-for-like terms (from 14.6% in 2010 to 15% in 2011).

7.4.2 Cash flow

(million euro)	Dec. 11	Dec. 10	Chg. (%)
Funds from operations	**115.9**	**146.4**	**-20.8%**
(Increase) / decrease in working capital	7.4	18.3	-59.6%
Other items (taxes, dividends, etc.)	(20.6)	(8.5)	142.4%
Operating cash flow	**102.7**	**156.2**	**-34.3%**
Investing cash flow	(115.4)	31.9	-461.8%
Cash flow from business operations	**(12.7)**	**188.1**	**-106.8%**
Financing cash flow	(27.6)	(110.8)	-75.1%
Other cash flow (exchange differences, change in consolidation scope, etc.)	141.5	91.3	55.0%
(Increase) / decrease in net interest-bearing debt	101.2	168.6	-40.0%

(million euro)	Dec. 11	Dec. 10	Chg. (M€)
Net interest-bearing debt	**189.6**	**290.8**	**(101.2)**
With recourse	*189.6*	*290.8*	*(101.2)*
Without recourse	*0.0*	*0.0*	*0.0*

Operating cash flow amounted to 102.7 million euro in 2011, down 34.3% year-on-year, due primarily to the effects of divesting the vehicle testing business and car parks.

Investing cash flow increased by 147.3 million euro year-on-year, attributable mainly to the difference in divestments between years. In 2010, this item included the sale of the vehicle testing business and 19 underground car parks for a total of 252.7 million euro, while in 2011 it included the sale of Eyssa for 115 million euro. Moreover, the sale of the underground car parks agreed at the end of 2010 was completed in 2011, yielding 14.3 million euro.

After applying financing cash flow and other changes, net interest-bearing debt declined considerably, by 34.8%, to 189.6 million euro.

8. TREASURY SHARE TRANSACTIONS

At 2011 year-end Fomento de Construcciones y Contratas, S.A. held 3,278,047 treasury shares, representing 2.57% of share capital, valued at EUR 90,975 thousand.

Also, at year-end Asesoría Financiera y de Gestión, S.A. (Afigesa), a company wholly-owned by the Parent Fomento de Construcciones y Contratas, S.A. held 9,418,830 shares of Fomento de Construcciones y Contratas, S.A., representing 7.4% of its share capital, with a carrying amount of EUR 255,048 thousand.

In accordance with Article 148-d of the Consolidated Spanish Limited Liability Companies Law, the changes in the number of shares during the year are detailed in the table below:

	FCC, S.A.	Asesoria Financiera y de Gestión, S.A.	FCC Group
At 31 December 2010	**3,182,582**	**9,432,369**	**12,614,951**
Intra-Group acquisitions and sales	95,465	(95,465)	-
Acquisitions or additions	2,373,358	181,926	2,555,284
Sales or disposals	(2,373,358)	(100,000)	(2,473,358)
At 31 December 2011	**3,278,047**	**9,418,830**	**12,696,877**

9. RESEARCH AND DEVELOPMENT ACTIVITIES

With the aim of promoting a Group R&D&I strategy, an Innovation Committee was formed, to coordinate innovation within the FCC Group. Its main mission is to make the innovation activities compatible with the Company's strategy and to establish the lines of research. It enables seamless, ongoing communication among all the business areas, establishes the Group's general guidelines and objectives and pushes for the conversion of innovative ideas into end projects and developments which can set the FCC Group apart from its competitors.

In 2011, the **Department of Innovation Management**, which was created in 2010, continued to promote and coordinate the R&D&I activity at Group level, with the aim of achieving results that would hone the Group's competitive edge, achieve more sustainable development and maintain its vanguard position in services to the community.

In 2011 an **Innovation Portal** was started up for the FCC Group's internal communication. This portal is fed with information of general interest and details of the R&D&I projects being developed in the Group's various areas. The Group also prepared the documentation required to organise the Innvierte Economía Sostenible-2011 programme of the Spanish Centre for the Development of Industrial Technology (CDTI), which aims to encourage private industrial capital initiatives in the energy and environment industry, involving joint investment with public funds in SMEs engaged in technological and innovative businesses with a high potential for economic growth. With the approval of the CDTI, the necessary documentation was prepared to create a venture capital company to manage forthcoming investments in the framework of the project. An investment of EUR 21 million is expected within five years: FCC will contribute a maximum of EUR 12 million and CDTI will contribute EUR 9 million.

In order to implement an **R&D&I management system** at FCC S.A. in accordance with the UNE 166002:2006 standard, the Group prepared a management handbook and various procedures and forms to establish the basic guidelines and to systematize the R&D&I activity, and also began preparation of the FCC Group's **biennial R&D&I report**.

Among the **Corporate R&D&I** projects, the following must be highlighted:

- ISIS Project – Integrated Research on Sustainable Islands
  The IISIS project, prepared to fit into the CDTI's Innpronta 2011 programme, was one of seven selected from among over 40 proposals. It is led by FCC S.A. through the Environment and Energy areas, with the participation of other Group areas such as Aqualia, FCC Construcción and Cementos Portland Valderrivas, together with various outside companies (Acerinox, Prainsa, etc.). It has a total budget of EUR 15,007,823 and its objective is to conduct advanced and ambitious research into sustainable property developments for the future, including:
  - Elements, materials, technologies and systems required to develop the building in a marine environment, without constituting a threat to the environment
  - Self-sufficiency in every respect, achieved through all kinds of integrated facilities
  - Advanced transport logistics and intelligent management and control systems.

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- Integrated HR Management Platform (INCORPORA): The project consists of embarking on an action plan to implement advanced personnel management processes which encourage and promote development, communication and a healthy work environment, through the efficient management of specialised HR services, in the context of diversity and internationalisation.
- International Project Management Model: The FCC Construcción IT department, assisted by the corporate IT department, led the design and development of a new international business management model which re-utilises the technological platform for the economic, financial and management processes. This platform, which was developed over the past few years at national level, integrates the management processes specific to the Company's international subsidiary's business.
- Intelligent Multisourcing System (SIM): The working framework is defined for the design and development of an innovative IT service provision system based on the new capabilities and advantages offered by the concept of outsourcing and the corresponding transformation required.
- New Integrated Corporate Management Capabilities (CAPACIDADES): This is an IT department project of a transversal nature in which the support tools required for new processes defined within the platform were developed to expedite the work flow, thus reducing costs and improving the Company's overall performance.

In 2011 the business areas performed the following R&D&I activities:

ENVIRONMENTAL SERVICES

Work continued on the different research projects launched in prior years, mainly:

- BIO+ Project: With a view to making the urban waste treatment process more eco-efficient, a model is being developed to enable process monitoring on an industrial scale of the various biomethanation technologies. In conjunction with Aqualia, a pilot project was executed involving thermal hydrolysis prior to anaerobic digestion, to enhance biogas production, and to reduce and improve the quality of end waste.

The following projects were started up:

- Plug-in electric hybrid flusher truck project (in the machinery section): It consists of a 5 m³ polyester flusher tank with a reduced width of 2.2 m mounted on an electric-hybrid chassis, rechargeable from the grid and capable of providing the service in solely electric mode. While in operation, the vehicle emits no polluting gases and a minimum level of noise.
- Project involving the drying of treatment plant refuse (in the waste treatment section)
- Integrated service management software project: Combination of the existing day-to-day service management programmes into a single integrated global tool.
- System for inspecting and improving recyclable waste in household collections: The company carries out periodic inspections of household waste collections on pre-established routes, using mobile devices to ascertain whether the municipal regulations are followed and waste is correctly separated. By analysing the results, the volume of recycled waste can be increased, privileged rates can be offered to citizens who recycle and plans can be mapped out to organise awareness campaigns and reduce the cost of waste treatment.
- Tools for communication management between service agents: To improve the channel of communication between the various service agents, a tool has been designed to manage service requests and the capture of incidents, which reduces response time, eliminates administrative formalities and simplifies follow-up of the jobs. This development enables information to be captured through smart phones, and provides access to web-based management from anywhere, georeferencing of all the information and a state-of-the-art analytical platform.
- Machinery activity monitoring platform: Based on the possibilities of obtaining data on vehicle activity through sensors, control centre readings, individual signals, etc., work is being done on capture, telemetry, geopositioning, transmission, storage and standardisation, so that a more detailed analysis can be made of the machinery to optimise its use.
- Built-in global communications management device: Development of a built-in device for vehicles which combines the functions of voice communication, geopositioning, telemetry, data capture from sensors, control centre readings and

introduction of service data. Its standard use in the Environmental Services area enables all the service information to be managed uniformly, regardless of the type of vehicle in which it is installed.

- Service activity monitoring and geopositioning system: Processes aimed at characterising the geographical scope of the services (inventories of containers, black spots, special action areas, proposed routes of action, etc.) and analysing the activity performed (locating vehicles, collections made, localised incidents, etc.).

WATER

R&D&I activities in this business area included notably the following:

1. UNE 166002:2006 certification. The "R&D&I Project Management System" certification, approved in December 2010, was audited by AENOR in November 2011, leading to the annual renewal of the certificate.
2. R&D&I Aqualia Forum. The purpose of this event, organised by the Department of Marketing and Communication, is to bring together the Company's various stakeholders and to incorporate their views into the corporate strategy. The next meeting, which will be held in 2012, will discuss the use of waste water as a source of bioenergy production. This forum will be attended by members of the industry's employers' organisation, government agency representatives and researchers in this area, in addition to Aqualia's representatives.
3. In 2011, in accordance with the company's strategic plan, the R&D activity for the obtainment of sustainable technologies was geared towards achieving the following objectives:
    a. Quality (supply of drinking water, re-utilisation of waste water, desalination and measurement)
    b. Sustainability (reduction of energy consumption, use of sludge as a resource and alternative treatments)
    c. Integrated management (management systems, capture of resources and communication)

Since the creation of the R&D&I department in 2008, 14 public-funded projects have been awarded, with an approved budget for Aqualia valued at EUR 14 million.

In 2011 the following projects were completed:

- Rehabilitation technology for the elimination of nutrients (Ávila): In this joint project with Bluewater Bio, the objective of complying with European waste discharge standards was achieved with an improvement in the operating cost.
- Advanced sludge digestion (Loyola-San Sebastián): In this joint project with local entities and Aguas del Añarbe, a new automatic digester control system was demonstrated.

In the meanwhile, work continued on the following projects:

- Membrane bioreactor (MBR) technology (Vigo): Joint project with the Universidad de Santiago de Compostela, with the objective of developing an energy-efficient water re-utilisation system using self-cleaning membranes.
- ELAN technology – autotrophic nitrogen removal (Vigo): Joint project being executed with the Universidades de Vigo and Santiago de Compostela, to install a return load treatment system in the purifiers, reducing energy costs.
- Microalgae pilot plant (Arcos de la Frontera): Joint project being executed with the Universidad de Cádiz, Iberdrola and Bio-Oil, to evaluate innovative bioreactors for photopurification and the production of energy from biomass.
- Sustainable recovery of sludge (Salamanca): Joint project with the Universidad de Salamanca, to develop a new digestion line to optimise the production of biogas and improve the end quality of the sludge, thus obtaining a very dry hygienic product. A part of the project is shared with FF MA (Bio+).
- Customer management tools to improve the capture and evaluation of the technical and economic processes of operation of the services, coordinated from Madrid with the participation of various areas of implementation:
    - Balanced Score Card
    - Customer Relationship Management

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Also, in 2011 progress was made on the two large projects relating to bioenergy production through microalgae cultures used as waste water purification processes:

- **ALL-GAS Project**, included in the "Algae to Biofuel" initiative of the EU's Seventh Framework Programme. It began in May and is being implemented in Chiclana, with a final objective of 10 ha of cultures.
- **CENIT VIDA Project** presented within the CDTI's Strategic National Consortia for Technical Research programme, regarding the integrated recovery of algae. The first milestone was presented in September and the first pilot plants were built in Arcos.

In 2011 new funding was obtained for five projects:

- **"Sustainable biofuel production from the advanced co-digestion of industrial waste and urban sludge" project**, subsidised by the Basque Country's GAITEK programme.
- **"Research into treatment, re-utilisation and control technologies for the future sustainability of water purification (ITACA)" project**, integrated into the CDTI's INNPRONTA programme, to develop more sustainable technologies for the re-utilisation of energy and resources in urban effluents.
- **"Optimisation of production and development of drying and storage of microalgae on a pre-industrial scale" project**, within the Spanish Ministry for Science and Innovation's INNPACTO programme for the recovery of purification by-products.

INDUSTRIAL WASTE

1. **Development of options for energy recovery from waste: A new project** was launched to develop processes to optimise particle size and reduce moisture in waste scraps from paper mill pulpers. The purpose of the tests conducted is to manufacture a solid alternative fuel for use in cement factories.
2. **Participation in the CDTI raw materials forum** prior to the Coordination and Support Action which is to take place in 2012 and will cover the substitution of critical raw materials (CRW).
3. **Participation in European consortia in 2011.** In 2011 the Group participated in two European consortia in response to calls for strategic development projects within the **EU's Seventh R&D Framework Programme**; however the projects were ultimately not selected.

    - **REACSOIL**-Reactive nanoparticles for soil and groundwater remediation.
    - **REBLADE**-Recycling of wind turbine generator blades.

The following project was completed in 2011:

- **MARINEFUEL Project:** Its objective was to develop a new high value-added alternative fuel manufactured by regenerating used engine oil waste, intended for use in fishing fleet marine diesel engines. The results of the project were favourable, and no major differences were detected between marine fuel and traditional fossil fuels.

CONSTRUCTION

Noteworthy R&D&I activities in this area were as follows:

1. FCC Construcción participates in the European Construction Technology Platform (ECTP), in the E2BA Association (Energy Efficient Buildings Association), in the **ENCORD Group** (European Network of Construction Companies for Research and Development), in **reFINE** (Research for Future Infrastructure Networks in Europe) and in the **Spanish Construction Technology Platform** (PTEC). The aim of these organisations is to combine the efforts of research centres, industries and universities in all areas relating to research, development and technological innovation:

Among the projects carried out in 2011, the following should be highlighted:

On the one hand, work continued on the projects launched in prior years, such as:

- RS Project: Sustainable refurbishing of buildings.
- OLIN Project: Study of improved embankment and subgrade qualities and treatments to enable the construction of sustainable linear structures.
- DAÑOS EN PUENTES Project: Low-cost dynamic tests for the maintenance of bridges subjected to uncontrolled environmental loads, using wireless sensors.
- BALI Project: Acoustically efficient and healthy systems and buildings.
- DEPOSITOS Project: Design of a bitumen storage system modified with powdered end-of-life tyres (ELT) for plants manufacturing hot mix asphalts.
- ECORASA Project: Integrated use of construction and demolition waste arising from property development works inside the urban area and at the construction site itself, as a fill material for drainage ditches.
- VITRASO Project: Diagnosis and prediction of building construction noise transmission routes.
- CEMESFERAS Project: Research into the manufacture of glass microspheres with cementing properties.

On the other hand, the following new projects were launched in 2011:

- SPIA Project: New high visibility signage systems including a personal stand-alone luminous system.
- PRECOIL Project: New intelligent collective prevention systems in dynamic linear infrastructure environments.
- NANOMICRO Project: Based on nanomicrocements and their application in concrete wind towers.

VERSIA

1. Urban Furniture

Work continued on projects launched in prior years:

- TEC-MUSA (sustainable and accessible urban mobility technologies): Development, through a multidisciplinary consortium formed by companies, associations and research groups, of a range of technologies and their integration into vehicles for passenger and goods urban transport services, with zero or low emissions and advanced customer access and communication features.
- EPISOL (electric vehicle powered by fuel cells and solar energy): Development of a light urban vehicle featuring hybrid electric propulsion with two motorisation versions: a heat engine in a first phase and a fuel cell in a more advanced phase, using solar panels in both cases. Each model of the vehicle has a system that enables the batteries to be charged from the electricity mains, so that they are fully charged at the start of each journey, greatly reducing the demands placed on the heat engine and/or fuel cell. In 2011 CEMUSA continued to work in conjunction with INSIA (the University Institute for Automotive Research of the Universidad Politécnica de Madrid) to develop this vehicle.
- C-CYCLES: Development of a complete unattended bicycle hire system which functions with smart cards, enables payment by credit card and incorporates an

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Internet point. The project responds to the need for sustainable urban mobility promoting multi-modal transport. There are plans to continue developing other features: electric bicycles, solar power.

- LED Lighting Projects: The company is working on a LED lighting project which aims to reduce energy consumption and, therefore, greenhouse gas emissions. Studies are being performed simultaneously in relation to the reduction of light pollution. Tests carried out in 2011 showed an average illumination of 700 lux and 85% savings in consumption versus fluorescent lighting. The company will continue to test the product to achieve surface illumination of 800 lux.
- Solar PV Projects: Development of a solar PV project which, together with LED lighting, will eliminate greenhouse gas emissions and in certain cases reduce network connection costs.
- Digital Advertising Projects: Implementation of digital advertising systems incorporating LCD screens and LED screens and, in both cases, the technology required for them to be viewed properly outdoors.
- WiFi EN PARADAS Project: Development of a bus stop WiFi system compatible with the system that could be built into the buses so that the user does not lose his connection and can continue his session when moving from bus stop to bus or vice versa.

The following project was started up in 2011:

- PUNTO DE RECARGA Project: Development of an electric vehicle recharge system.

2. Logistics

The projects in this area are as follows:

- CSLOG (SGA): In 2011 various modules were developed based on the SGA (warehouse management) system owned by FCC Logística, implementing the customers' different logistics requirements.
- C+D Project: A functionality was implemented in CSLOG for cross-docking with customers' stores. In 2011 the basic line was fully developed, a billing interface was added, as were enhanced goods distribution processes and a web layer for inquiries from customer stores regarding logistics information.
- "DIRECTOS" Project: Software developed with a view to optimising goods loading and shipment to the delivery point using geopositioning.
- CITA PREVIA: This is customised software for the management of the new customs activity "Puesto Inspección Fronteriza" (border control kiosk). It consists of providing support to the customs authorities during the container inspection process. An improvement made in 2011 connects the system to the automated gate at the Port of Valencia, allowing the free flow of vehicles.

3. Maintenance and Systems

This project in this area is as follows:

- PLATAFORMA TECNOLÓGICA AVANZA: This project, which is based on smart traffic monitoring mechanisms which can manage road control devices, offering users all the information obtained for their specific study and analysis, was expanded with various services required for the tunnel and shadow toll freeway projects. The major milestones reached in 2011 consisted of certain enhancements implemented in the VR1 Vialitoral and Autoestrada Tramontana roads in Portugal and in the Monrepós tunnels in Huesca. New processes are continuously being incorporated, which will significantly enhance the platform's efficiency and operations.

4. Airport Handling

The project in this area is as follows:

- Development of the Groundstar tool to optimise the planning and control of aeronautical processes. During a first stage of implementation at the Flightcare bases in Spain in 2011, the tool replaced the "handelnet" system and entailed a change in the billing tool in use. This new system, which is much more versatile than its predecessor, enables communications with other systems and incorporates resource management tools.

CEMENTOS PORTLAND VALDERRIVAS

In 2011 the R&D&I department was consolidated. In the meanwhile, the company continued to work on the three links of the same chain: research, development, and applications and innovation.

The Cementos Portland Valderrivas Group has continued to promote research into new higher value-added products and/or new markets. Over the past two years these efforts have borne fruit, culminating in the development of 11 new special cements with very competitive advantages in terms of faster setting time, resistance to harsh outdoor conditions, the much lower environmental impact of their manufacturing process and their ability to inertise certain pollutants. These products, due to their very specific qualities, could occupy new market niches because of their competitive nature. Many of the original developments were carried out at the Group's R&D&I laboratory at the Olazagutía factory.

In 2011 the R&D&I Department obtained government grants for the development of various cutting edge research projects, mainly in the area of new materials, which involved about 140 of the organization's employees (80 of them belonging to Cementos Portland Valderrivas, S.A., which leads many of the projects approved).

The applications of the new products and technical assistance in various projects in which they have been trialled formed another focus for the Group's activities in 2011 – mainly in relation to the use of microcements in the Pajares tunnels and Ultraval in the Ordicia tunnels, tests performed jointly with AENA and various preliminary studies conducted on contaminated soil conglomerates in Flix (Tarragona).

The Group also began work on the technological assessment of its new products and its forthcoming positioning for marketing its current product portfolio. To this end, it joined forces with a company which provides management, strategic consultancy and interim management services, and specialises in incorporating disruptive innovation into business models. The first stage began with the preparation of the technological packages of these products, the corresponding market studies and action plans.

All the foregoing initiatives have had significant indirect benefits, such as contacts with numerous companies in different business areas, universities, research centres and public agencies, which have positioned the Group as an R&D&I benchmark for the development and application of cement-based materials, enabling it to enter into agreements with other entities.

Other noteworthy initiatives carried out in 2011 were the **publication of the first R&D&I monographic document**, the organisation of the "**International Conference on Cement Chemistry**" and the **protection of intellectual property**, in connection with which the Group actively engaged in applying for possible patents.

Ultimately, the Group is aware that a commitment to innovation and radical change is the path to be followed; accordingly, in 2011 it began to develop an ambitious project, the objective of which is to convert the company into a dynamo of innovation at all levels (**"Promoting Innovation"**).

Within the framework of this project and with the participation of over 70 executives, an initial diagnosis was made of the company's vision for innovation, and the required **Action Plan** was subsequently prepared to transform the organisation. This Plan consists of 23 projects which cover all the spheres of innovation, starting from vision and governance and going on to customer management and required resources, and will involve over 80 employees from all the areas. All these projects should be finalised in February so that they can be trialled and validated during the first half of 2012.

Knowledge management is the management of the intangible assets which generate value for the organisation, and is most essential in these times of crisis. This initiative, closely linked to innovation, was launched in 2011 with the performance of an initial diagnosis of the Group's perception of this area.

For this purpose a 40-hour **workshop** was held, attended by 14 employees of various corporate divisions, mostly representing all the organisation's businesses and areas. The workshop provided training on all the facets of knowledge management and an analysis was made of the Group's situation with regard to all these reference points. A detailed list was prepared of all the Group's strengths and weaknesses, which

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were prioritized by all the participants and subsequently evaluated by the Steering Committee to establish measures for improvement.

New Products and Markets were selected as a **pilot area** to create the first **Community of Practice**, since they constitute one of the Group's strategic pillars which can most rapidly generate value. Once implemented, the experience will be replicated in other areas of the organisation, creating new Communities of Practice until all the components of the organisation are involved within the medium term.

The salient projects which were under development or launched in 2011 were as follows:

- HORMIGÓN ULTRARRÁPIDO Project: The aim of this project is to develop a concrete which, immediately after being spread, acquires certain mechanical service properties. It could then be offered to the international community for use in repairs and construction in civil emergency/protection services, for example prior to imminent catastrophes, for civil and industrial repairs which have high added value due to their urgency, and for military applications.
- ESCOMBRERAS Project: The aim of this project is to remove a historical waste disposal facility, restoring the environment to its initial state and re-utilising all the recovered materials.
- HORMIGONES POROSOS Project: The main objective is to develop a new range of multifunctional porous concretes which have high mechanical strength and greater resistance to surface wear and tear, are longer lasting and self-maintaining in terms of their porosity level and have better acoustic and heat insulation, with a view to obtaining new energy-efficient applications in the construction industry.
- MICROCEMENTOS Project: The objective is to develop a new range of microcements (TP-1) and biomicrocements with a maximum particle size of one micron. These microcements need to be developed for use in microinjections and as a microaddition in cements and concretes to improve their properties.
- CEMESFERAS Project: The objective is to develop and manufacture new products with cementing properties based on glass microspheres, so that they can be used as cement manufacturing components and significantly reduce greenhouse gas emissions. As and when the project is being executed the bases for standardisation of these products will have to be set.
- NANOMICRO Project: Led by Cementos Portland Valderrivas, with the participation of FCC Construcción. The main objective of this project is to develop a range of microcements which have a particle size of less than one micron and can withstand extreme weather conditions.
- FLOTTEK Project: It consists of studying the viability and development of a floating concrete structure to support a deep-water wind turbine, where seabed foundations are no longer viable. The platform must be sufficiently capable of floating and remaining stable to enable the wind turbine to function properly in the climate conditions of its location. This calls for concretes which are highly durable and physically very permeable and have a strong chemical resistance to chlorides and sulphates.
- MUGIELEC Project: The objective is to develop all the systems and equipment required to optimise power supply from various points of the grid for charging electric vehicles.
- SIGERAPI Project: The purpose of this project is to find a solution for noise management in the manufacturing industry, providing a tool which enables the production process to be integrated with prediction modules and which does not require the users to have an advanced knowledge of acoustics to use it or to interpret the results.
- SAGER Project: The project concerns bulk storage of electric power and its use. Its material objective is the design and manufacture of artificial concrete caverns with advanced mechanical characteristics obtained by developing new cements. The bulk storage energy system will be based on the development of two technologies designed to respond to the needs detected: Electrochemical storage system and CAES (compressed air energy storage in an artificial cavern).

In 2011 the technology departments of FCC Construcción and the Cementos Portland Valderrivas Group collaborated on projects aimed at modernising and updating concrete paving technologies. In this connection, in 2011 a Manual of Recommendations was jointly published with the assistance of the Catalonian Department of Public Works and the Spanish Institute for Cement and its Applications (IECA), for the design and construction of double-layered road surfaces. Research was also conducted on the laying of compacted concrete paving, using traditional machinery to place the aggregate.

10. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The concept of financial risk refers to the changes in the financial instruments arranged by the Group as a result of political, market and other factors and the repercussion thereof on the consolidated financial statements. The FCC Group's risk management philosophy is consistent with its business strategy and seeks to achieve maximum efficiency and solvency at all times. To this end, strict financial risk management and control criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred in the Group's operations, and the risk policy has been integrated into the Group organisation in the appropriate manner. In line with this risk policy, the FCC Group arranges hedges initially to hedge the underlying transaction and not for speculative purposes.

In order to ensure a position that is in the FCC Group's best interest, an interest rate risk management policy is actively implemented based on the on-going monitoring of markets and assuming different positions based primarily on the asset financed. Given the nature of the Group's activities, closely linked to inflation, its financial policy consists of ensuring that both its current financial assets, which to a large extent provide natural hedging for its current financial liabilities, and the Group's debt are partially tied to floating interest rates. Even so, the FCC Group performed interest rate hedging transactions using various hedging instruments of varying maturities. Complying with the policy of classifying original instruments as hedges, the FCC Group has arranged interest rate hedges, mainly swaps (IRSs) in which the Group companies pay a fixed rate and receive a floating rate.

A noteworthy consequence of the FCC Group's positioning in international markets is the exposure resulting from net positions in foreign currencies against the euro or in one foreign currency against another when the investment and financing of an activity cannot be made in the same currency. The FCC Group's general policy is to mitigate, as far as possible, the adverse effect on its financial statements of exposure to foreign currencies, with regard to both transactional and purely equity-related changes. The FCC Group therefore manages the effect that foreign currency risk can have on the balance sheet and the income statement.

The Group actively manages its foreign currency risk by arranging financial transactions in the same currency as that in which the related asset is denominated, i.e. efforts are made, at all times, to obtain in local currency the financing required for the local activity of the company in the country of origin of the investment, with a view to creating a natural hedge or a matching of the cash flows to the financing. However, there are occasions when, due to the weakness of the currency of the country of origin of the investment, this is not possible because long-term financing cannot be obtained in that currency. In this case, financing will be obtained either in the currency of the consolidated group or in the most closely correlated foreign currency.

The FCC Group is present in various markets in order to facilitate the obtainment of financing and to mitigate liquidity risk. This risk results from the timing mismatches between the funds generated by the activities and the funds needed for the payment of debts, working capital etc. Despite the adverse situation that affected the financial markets throughout 2011, the FCC Group has remained adequately positioned and has anticipated any potential adversity by paying close attention to the evolution of the factors that may help to resolve liquidity difficulties in the future and to the various sources of financing and their characteristics.

The Group also strives to reduce credit risk as far as possible, is careful to ask for commercial reports and assesses the financial solvency of its customers before entering into agreements with them and also engages in on-going monitoring of customers, and has a procedure in place to be followed in the event of insolvency. In the case of public customers, the Group follows the policy of not accepting projects without an allocated budget and financial approval. The provision of services or the acceptance of orders from customers, whose financial solvency cannot be guaranteed at the time of acceptance, is not known or cannot be assessed by the Group, together with situations that may arise during the provision of a service or execution of an order that could affect the customer's financial position could result in the risk of non-payment of the amounts owed.

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11. OUTLOOK FOR 2012

Set forth below are the prospects for 2012 for the various business areas composing the FCC Group. The construction and services backlog at 2011 year-end, which amounted to EUR 35,237.6 million, guarantees the continuation of a high level of activity over the coming years.

In the **Services** area, broadly speaking, business in Spain is likely to continue to suffer from the impact of the general economic crisis; however, current activities abroad are expected to be consolidated and to grow significantly.

The **Environmental Services** area reflects a general economic situation which has a direct effect on budgets and the financial situation of local municipal corporations, which has led city councils to request service reductions.

Also, the debt was arranged with maturity close to the year of provision of the services and the outlook for 2012 appears promising which, together with a foreseeable rise in interest rates, could affect finance costs.

However, the main contracts are expected to be maintained and other minor contracts to be renewed or extended.

Mention should be made of the positive effect expected for 2012 of the launch of the activity of certain waste treatment plants, such as those located in Valencia and Guipúzcoa.

In the **International** area, the slight upswing in 2011 in all the activities is expected to be consolidated. Among these is notably the improved functioning of the Allington incinerator in the UK, the soil decontamination project in the Czech Republic and new contracts in Bulgaria.

Also in the UK a significant investment plan was prepared, mainly in the area of new PFI projects, the recovery of materials and obtainment of energy from waste, which will contribute in the coming years to boosting revenue.

Business within the ASA Group is expected to expand, especially in Poland where the level of activity is expected to double in 2013, due to a legislative change which obliges all the municipalities to issue invitations to tender for refuse collection from 2012, and we therefore expect to provide this service to over 800,000 inhabitants.

In the **Industrial Waste** area in Spain, the last quarter of 2011 witnessed a slump in the prices of certain recovered materials (paper, cardboard, etc.), which sometimes dropped to 30% of their value in the preceding months. Also, due to the decline in Spanish manufacturing, the volume of waste being treated is falling steeply, a trend which is expected to continue in 2012 and which could affect the industry's revenue. With regard to the Flix (Tarragona) reservoir decontamination project which was begun in 2010, the decontamination tasks as such are expected to begin around the third quarter, once the preparatory work is completed.

In the first quarter of 2012 the Group is expected to start up the plant for the recovery of foundry waste and its conversion into an iron and steel aggregate for Arcelor Mittal in Guipúzcoa. Also scheduled is the inauguration of the new controlled non-hazardous industrial waste depot in Castañeda (Cantabria) through the subsidiary IACAN, with an estimated annual intake of 170,000 tonnes of waste.

Additionally, the new end-of-life tyre recovery plants are fully operational in the Canary Islands, as is the plant that recovers waste for conversion into an alternative fuel for the cement industry in Castellbisbal (Cataluña).

With regard to foreign projects in the Industrial Waste area, in Italy a total of 150,000 tonnes of contaminated sludge is expected to be treated in Syracuse (Sicily). In Portugal, after a brilliant 2011, in which more than 160,000 tonnes of waste were treated at the Chamusca plant belonging to the subsidiary Ecodeal, new tenders are expected to be put out by the Portuguese Government, such as that for the remediation of various contaminated industrial sites in the Barreiros area.

In the US, the subsidiaries FCC Environmental and International Petroleum Corp. will foreseeably continue to expand their presence in the used oil collection and re-utilisation market. Also, in the third quarter an oil refinery plant construction project for Baltimore (Maryland) will be presented to the authorities concerned for approval. With regard to the subsidiary Apex/FCC, it should be mentioned that its presence in the gas- and oil-field waste business will increase. At 2011 year-end a mobile fracture water treatment plant was also incorporated and authorisation was requested for the construction of a new plant in South Texas.

In the **Water Management** area, the Group maintains its leadership position in the Spanish market as the first integrated cycle operator funded by Spanish capital. At the same time, it has continued to bolster its international presence, promoting the geographical diversification strategy initiated five years ago.

In 2012, with an economic crisis prevailing in Spain, household and industrial consumption is expected to remain flat, with very little activity in new property developments which would enable the scope of contracts to be expanded to new customers in areas already being served; however, tenders are expected to be put out by large municipalities which previously did not consider indirect management and which, in view of their financial situation, seek to balance their budgets with the award of their water services. At the same time, our presence in various regions already consolidated in the international market has mitigated the impact of the Spanish crisis and will continue do so, since we will take advantage of our presence in regulated markets which are gradually opening up to expert companies to resolve their historical problems of managing this resource.

In 2011 significant new contracts were obtained in the international market. Noteworthy among these is the network leak detection and repair contract for the city of Riyadh (Saudi Arabia); the water supply and treatment management contract for the city of Fundão (Portugal), which addresses an infrastructure renewal plan, the aim of which is to modernise the water distribution and treatment system in the Portuguese municipality, which is located near Serra da Estrela in the centre of the country and has a population of 32,177 inhabitants; the desalination plant engineering, supply, erection and start-up contract for La Minera Candelaria in Chile (80% owned by the US company Freeport and 20% by the Japanese company Sumitomo), which will supply drinking water to a population of approximately 175,000 inhabitants in the Northern region of Copiapó, near the Atacama desert; the waste water treatment plant construction contract for the Cutzamala municipality (Mexico); the pump station construction contract for Mexico City (Mexico); the contract for the construction of the country's largest water treatment plant in Niksic (Montenegro). Also mentionable is the start-up of the contracts for the exploitation, operation and maintenance of the Mostaganem and Cap d'Jinet desalination plants in Algeria.

In Spain, numerous contracts have been arranged, renewed and extended in various municipality, among which the following are highlighted:

- Renewal of the integrated water cycle management contract in Ávila where Aqualia has been the operator since December 1988, providing service to 58,245 inhabitants
- Operation, upkeep and maintenance contract for 11 purification plants of the Baix Ebre regional council (Tarragona)
- Extension of the integrated water cycle management contract for the Adeje municipality (Santa Cruz de Tenerife)
- Renewal of the management contract in the Iscar municipality (Valladolid)
- Management of the supply and treatment service and the construction of a regulating reservoir for the LLagostera municipality (Gerona)
- Renewal of the purification and sewerage service for the Puerto de Santamaría municipality (Cádiz)
- Supply and treatment service contract for the Caspe municipality (Zaragoza), and upgrade of its drinking water plant
- Supply and treatment service contract for the Fraga municipality (Zaragoza)
- Supply and treatment contract for the Arico municipality (Tenerife)
- Algeciras waste water treatment plant management contract
- Integrated water management contract for the Baena municipality (Córdoba)
- Supply and treatment management contract for the Yepes municipality (Toledo)
- Supply and treatment management contract for the Islantilla municipality (Huelva)
- Renewal of the supply management contract for Guía de Isora (Tenerife)
- Supply and treatment management contract for the Yuncler municipality (Toledo)
- Purification service management contract for the Chipiona municipality (Cádiz)

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At the beginning of 2012 the Services area backlog amounted to EUR 25,719 million, representing nearly seven years of production.

For 2012, the **Versia** area plans to divest itself of Airport Handling assets which, together with the sale in December 2011 of companies belonging to the Parking Lot section, would push revenue down as a result of the change in the scope of consolidation caused by these two measures, which are in keeping with the FCC Group's asset rotation policy.

By area, there are hopes that the New York **Urban Furniture** contract will be further consolidated and this, together with the obtainment of new contracts, will boost the volume of business in this area. Also, the launch of new **Logistics** contracts will lift sales slightly, softening the impact of the steady fall in consumer spending since the start of the crisis. The Maintenance and Systems area will suffer from the public sector investment containment policy.

In the **Construction** area, 2012 revenue in Spain is expected to be lower than that recognised in 2011, since there is a lull in residential building construction caused by the property market crisis and public sector budget restrictions which will affect the execution of civil engineering works.

To offset the weakness of the Spanish market, the companies composing the area are making a strong effort to expand their activities abroad. This measure will foreseeably drive foreign sales upwards in 2012 compared to 2011 levels.

The business abroad is carried on primarily in numerous Central and East European countries (through the Alpine group) and is rounded off by activities in the American market, where the Group is present through investees operating mainly in Central America and Mexico; FCC Construcción will also continue to develop the foreign business directly in Europe, Algeria and certain areas of the Middle East.

In the **Energy** area, in 2011 contacts were made and negotiations initiated to admit a shareholder of recognised prestige, interested in investing in the renewable energy section. An agreement was entered into with the Japanese multinational Mitsui & Co. Ltd., which will culminate in the formulation of a joint venture in which the FCC Group will hold a maximum ownership interest of 50% and be able to embark on the international expansion of this business area.

Given the direction of the activities underway, it is hoped that the area will be better placed financially to undertake new renewable energy projects. In this respect, it is of utmost interest to explore all the growth opportunities likely to arise in the energy area, either by acquiring ownership interests in new projects or by bidding for public-sector contracts for new power not only in Spain, but also in East European EU member countries and the US, since all these areas share the characteristic of the legal certainty required for medium-term investment commitments and their respective governments have expressed the wish to boost the development and promotion of renewable energies.

In the **Cement** area, it should be mentioned that at global level it has been unexpectedly difficult for the International Monetary Fund to remedy the structural problems faced by the advanced economies struck by the crisis, and even more complicated to formulate and execute reforms. While these economies are expected to expand steadily, growth will be weak and fitful. The outlook of emerging economies appears to be even more uncertain, although growth is more likely to be vigorous, especially in the economies which can counter the effect of a flagging foreign demand for the product by softening their policies. In the euro zone, leaving aside the major problems caused by financial turbulence, the situation is more diverse. Households in general appear to have fewer concerns than in the US, and there has been a much lower level of job destruction, except in the peripheral economies hit by the crisis, such as Spain. These economies face a major structural challenge which consists of adopting reforms which will enable them to recover and maintain their competitive edge more easily.

Against this backdrop, the macroeconomic projections of the Banco de España (January 2012) point to a substantial drop in Spanish GDP in 2012 (–1.5 %) and a modest recovery in 2013 (0.2 %), with positive rates from the first quarter of 2013, bringing the Spanish economy closer to its potential growth rate. This macroeconomic scenario is the result of a significant contraction in domestic demand, partially offset by a high contribution of the net foreign balance. In turn, the decline in domestic demand is the result of the combined effect of a steep fall in its public- and private-sector components, in a context in which household spending will be restricted due to the impact of tax consolidation on these agents' incomes, and by lower employment levels. Residential investment will continue to fall in 2012 and 2013, although not as sharply as in recent years, after overcoming its hardest phase of adjustment. Weak demand, poorer economic prospects and austere financial conditions will determine further decreases, albeit moderate, in private-sector spending on production over the next two years. Bearing in mind this panorama for 2012, the Company's sales forecasts are conditioned by the timetable for recovery in Spain. The Spanish market continues at historically low levels with a downward trend. Oficemen views very favourably the measures adopted by the Government to extend the VAT reduction for another year and to restore the first-time home buyer's tax credit. It is also confident that measures will shortly be put in place which will re-energise public works, the current situation of which is extremely worrying. In view of these prospects, a new plan is being worked out to adapt the Cement Group's structures to this reality.

AUDIT REPORT

Deloitte.

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 34). In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.:

1. We have audited the consolidated financial statements of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES ("the Group"), which comprise the consolidated balance sheet at 31 December 2011 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended. As indicated in Note 2-a to the accompanying consolidated financial statements, the directors are responsible for the preparation of the Group's consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the consolidated financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.

2. In our opinion, the accompanying consolidated financial statements for 2011 present fairly, in all material respects, the consolidated equity and consolidated financial position of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2011, and the consolidated results of their operations and their consolidated cash flows for the year then ended, in conformity with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group.

3. Without qualifying our audit opinion, we draw attention to Note 21-b to the accompanying consolidated financial statements and to the uncertainty relating to the refinancing of the bank borrowings of the Cementos Portland Valderrivas Group, which could have an impact on the accompanying consolidated financial statements. The directors expect the aforementioned refinancing process to be completed successfully in the first half of 2012, thereby allowing the debt servicing to be brought into line with its cement division's cash flow generation projections.

4. The accompanying consolidated directors' report for 2011 contains the explanations which the directors of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2011. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Miguel Laserna Niño
27 February 2012

Deloitte, S.L. inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

FOMENTO DE CONSTRUCCIONES Y CONTRATAS S.A.

FINANCIAL STATEMENTS

BALANCE SHEET AT 31 DECEMBER 2011 (IN THOUSANDS OF EUROS)

ASSETS	31/12/2011		31/12/2010	
NON-CURRENT ASSETS		5,004,313		5,169,058
Intangible assets (Notes 2 & 5)		**134,001**		**35,707**
Concessions	6,706		7,367	
Computer software	15,350		13,426	
Concession arrangements, regulated assets	68,943		—	
Concession arrangements, capitalised borrowing costs	2,741		3,317	
Advances on concession arrangements, regulated assets	30,414		—	
Other intangible assets	9,847		11,597	
Property, plant and Equipment (Notes 2 and 6)		**451,846**		**552,922**
Land and buildings	69,973		85,481	
Plant and other items of property, plant and equipment	365,057		414,658	
Property, plant and equipment in the course of construction and advances	16,816		52,783	
Investment property (Note 7)		**—**		**226,964**
Non-current investments in Group companies and associates (Notes 10-a & 22-b)		**4,207,490**		**4,184,580**
Equity instruments	2,291,908		2,247,074	
Loans to companies	1,913,206		1,937,506	
Derivatives (Note 12)	2,376		—	
Non-current financial assets (Note 9-a)		**98,365**		**76,012**
Equity instruments	9,344		9,268	
Loans to third parties	37,806		27,609	
Derivatives (Note 12)	15,697		15,024	
Other financial assets	35,518		24,111	
Deferred tax assets (Note 19)		**112,611**		**92,873**

The accompanying Notes 1 to 25 and Appendixes I to IV are an integral part of the financial statements and, together with the latter, make up the statutory financial statements for 2011.

BALANCE SHEET AT 31 DECEMBER 2011 (IN THOUSANDS OF EUROS)

ASSETS	31/12/2011		31/12/2010	
CURRENT ASSETS		3,014,131		2,102,598
Inventories		**49,738**		**22,570**
Goods held for resale	16,282		16,281	
Raw materials and other supplies	5,630		5,794	
Advances to suppliers	27,826		495	
Trade and other receivables		**769,820**		**727,274**
Trade receivables for sales and services (Note 11)	697,489		652,289	
Receivable from Group companies and associates (Note 22-b)	47,485		57,743	
Sundry accounts receivable	13,279		11,520	
Employee receivables	1,427		945	
Current tax assets (Note 19)	78		747	
Other accounts receivable from public authorities (Note 19)	10,062		4,030	
Current investments in Group companies and associates	**1,399,671**		**1,168,062**	
Loans to companies (Notes 10-b & 22-b)	1,388,204		1,137,417	
Other financial assets	11,467		30,645	
Current financial assets (Note 9-b)		**26,263**		**12,018**
Loans to companies	18,887		6,622	
Debt securities	62		2,887	
Derivatives (Note 12)	888		—	
Other financial assets	6,426		2,509	
Current prepayments and accrued income		**6,513**		**2,584**
Cash and cash equivalents		**762,126**		**170,090**
Cash	361,047		170,090	
Cash equivalents	401,079		—	
TOTAL ASSETS		8,018,444		7,271,656

The accompanying Notes 1 to 25 and Appendixes I to IV are an integral part of the financial statements and, together with the latter, make up the statutory financial statements for 2011.

FINANCIAL STATEMENTS

AT 31 DECEMBER 2011 (IN THOUSAND OF EUROS)

EQUITY AND LIABILITIES	31/12/2011		31/12/2010	
EQUITY (Note 13)		1,325,297		1,272,436
Shareholders' equity		**1,359,472**		**1,295,249**
Share capital		**127,303**		**127,303**
Registered share capital	127,303		127,303	
Share premium		**242,133**		**242,133**
Reserves		**889,889**		**867,741**
Legal and by-law reserves	26,114		26,114	
Other reserves	863,775		841,627	
Treasury shares		**(90,975)**		**(89,130)**
Profit for the year		**235,824**		**200,034**
Interim dividend		**(80,616)**		**(88,746)**
Other Equity instruments		**35,914**		**35,914**
Valuation adjustments		**(36,073)**		**(25,072)**
Available-for-sale financial assets	8,007		7,932	
Hedges (Note 12)	(44,080)		(33,004)	
Grants, donations and legacies received		**1,898**		**2,259**
NON-CURRENT LIABILITIES		3,149,927		4,469,114
Long-term provisions (Note 15)		**394,768**		**314,455**
Provisions for third-party liability	148,477		118,994	
Other provisions	246,291		195,461	
Non-current payables (Note 16)		**2,557,050**		**4,027,085**
Debt instruments and other marketable securities	428,548		422,204	
Bank borrowings	2,001,670		3,470,167	
Obligations under finance leases	14,163		27,936	
Derivatives (Note 12)	105,146		99,293	
Other financial liabilities	7,523		7,485	
Deferred tax liabilities (Note 19)		**130,509**		**127,574**
Trade and other non-current payables (Note 17)		**67,600**		**—**

The accompanying Notes 1 to 25 and Appendixes I to IV are an integral part of the financial statements and, together with the latter, make up the statutory financial statements for 2011.

AT 31 DECEMBER 2011 (IN THOUSAND OF EUROS)

EQUITY AND LIABILITIES	31/12/2011		31/12/2010	
CURRENT LIABILITIES		3,543,220		1,530,106
Short-term provisions		**976**		**1,517**
Current payables (Note 16)		**2,263,567**		**610,420**
Debt instruments and other marketable securities	4,888		4,888	
Bank borrowings	2,151,426		456,425	
Obligations under finance leases	25,637		38,697	
Derivatives (Note 12)	888		—	
Other financial liabilities	80,728		110,410	
Current payables to Group companies and associates (Notes 10-c and 22-b)		**748,530**		**498,357**
Trade and other payables (Note 17)		**529,969**		**419,529**
Payable to suppliers	127,429		89,571	
Payable to suppliers - Group companies and associates (Note 22-b)	19,677		17,388	
Sundry accounts payable (Note 17)	145,359		89,150	
Remuneration payable	39,312		43,305	
Current tax liabilities (Note 19)	22,195		80,042	
Other accounts payable to public authorities (Note 19)	67,372		40,198	
Customer advances (Note 11)	108,625		59,875	
Current accruals and deferred income		**178**		**283**
TOTAL EQUITY AND LIABILITIES		8,018,444		7,271,656

The accompanying Notes 1 to 25 and Appendixes I to IV are an integral part of the financial statements and, together with the latter, make up the statutory financial statements for 2011.

FINANCIAL STATEMENTS

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

(IN THOUSANDS OF EUROS)

	31/12/2011	31/12/2010
CONTINUING OPERATIONS		
Revenue (Note 21)	**1,691,470**	**1,680,978**
Sales and services	1,454,468	1,325,333
Income from investments in Group companies and associates (Notes 21 & 22-a)	120,800	256,984
Finance income from marketable securities and other financial instruments of Group companies and associates (Notes 10, 21 & 22-a)	116,202	98,661
In-house work on non-current assets	**893**	**2,126**
Procurements	**(291,072)**	**(197,720)**
Cost of goods held for resale sold	(1,436)	(2,163)
Cost of raw materials and other consumables used	(133,117)	(101,688)
Work performed by other companies	(156,519)	(93,869)
Other operating income	**62,100**	**74,143**
Non-core and other current operating income	53,108	71,990
Income-related grants transferred to profit or loss	8,992	2,153
Staff costs	**(823,899)**	**(823,240)**
Wages, salaries and similar expenses	(621,548)	(624,912)
Employee benefit costs	(202,351)	(198,328)
Other operating expenses	**(263,236)**	**(240,096)**
Outside services	(171,247)	(158,521)
Taxes other than income tax	(8,686)	(7,321)
Losses on, impairment of and changes in provisions for trade receivables	373	(685)
Other current operating expenses (Note 21)	(83,676)	(73,569)
Depreciation and amortisation charge (Notes 5, 6 & 7)	**(88,964)**	**(89,594)**
Allocation to profit or loss of grants related to non-financial non-current assets and other grants (Note 13-h)	**549**	**512**
Non current provisions (Note 15)	**15,538**	**1,380**
Impairment and gains or losses on disposals of non-current assets	**140,673**	**946**
Gains or losses on disposals and other (Note 7)	140,673	946
PROFIT FROM OPERATIONS	444,052	409,435

The accompanying Notes 1 to 25 and Appendixes I to IV are an integral part of the financial statements and, together with the latter, make up the statutory financial statements for 2011.

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

(IN THOUSANDS OF EUROS)

	31/12/2011	31/12/2010
Financial income	**3,846**	**2,519**
From marketable securities and other financial instruments of non-Group third parties	3,846	2,519
Financial expenses	**(233,899)**	**(160,962)**
On debts to Group companies and associates (Note 22-a)	(17,050)	(7,255)
On debts to third parties	(213,081)	(149,705)
Interest cost relating to provisions	(3,768)	(4,002)
Changes in fair value of financial instruments (Note 12)	**16,973**	**(30,500)**
Held-for-trading financial assets/liabilities and other	16,973	(30,500)
Exchange differences	**(928)**	**(5,993)**
Impairment and gains or losses on disposals of financial instruments	**18,279**	**(3,454)**
Impairment and other losses (Note 9)	18,319	3,658
Gains or losses on disposals and other (Note 10-a)	(40)	(7,112)
FINANCIAL LOSS	(195,729)	(198,390)
PROFIT BEFORE TAX	248,323	211,045
INCOME TAX (Note 19)	(12,499)	(11,011)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	235,824	200,034
PROFIT FOR THE YEAR	235,824	200,034

The accompanying Notes 1 to 25 and Appendixes I to IV are an integral part of the financial statements and, together with the latter, make up the statutory financial statements for 2011.

FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011

A) STATEMENT OF RECOGNISED INCOME AND EXPENSE (in thousands of euros)

	31/12/2011	31/12/2010
Profit per income statement	235,824	200,034
Income and expense recognised directly in equity		
Arising available-for-sale financial assets	76	1,940
Arising from cash flow hedges	(34,440)	(34,977)
Grants, donations and legacies received	51	40
Tax effect	10,313	10,486
Income and expense recognised directly in equity	(24,000)	(22,511)
Transfers to profit or loss		
Arising from cash flow hedges	18,617	27,422
Grants, donations and legacies received	(549)	(512)
Tax effect	(5,430)	(8,090)
Total transfers to profit or loss	12,638	18,820
TOTAL RECOGNISED INCOME AND EXPENSE	224,462	196,343

B) STATEMENT OF CHANGES IN TOTAL EQUITY (in thousands of euros)

	Share capital (Note 13-a)	Share premium (Note 13-b)	Reserves (Notes 13-c, -d &-e)	Treasury shares (Note 13-e)	Profit (Loss) for the year	Interim dividend (Note 3)	Other equity instruments (Note 13-f)	Valuation adjustments (Notes 9-a & 13-g)	Grants (Note 13-h)	Equity
Equity at 31 December 2009	**127,303**	**242,133**	**790,355**	**(89,130)**	**254,878**	**(88,746)**	**35,914**	**(21,724)**	**2,602**	**1,253,585**
Total income and expense in the year					**200,034**			**(3,348)**	**(343)**	**196,343**
Transactions with shareholders and owners			**77,386**		**(254,878)**					**(177,492)**
Dividends paid			77,386		(254,878)					(177,492)
Equity at 31 December 2010	**127,303**	**242,133**	**867,741**	**(89,130)**	**200,034**	**(88,746)**	**35,914**	**(25,072)**	**2,259**	**1,272,436**
Total recognised income and expense					**235,824**			**(11,001)**	**(361)**	**224,462**
Transactions with shareholders and owners			**22,148**	**(1,845)**	**(200,034)**	**8,130**				**(171,601)**
Dividends paid			22,541		(200,034)	8,130				(169,363)
Treasury share transactions (net)			(393)	(1,845)						(2,238)
Equity at 31 December 2011	127,303	242,133	889,889	(90,975)	235,824	(80,616)	35,914	(36,073)	1,898	1,325,297

The accompanying Notes 1 to 25 and Appendixes I to IV are an integral part of the financial statements and, together with the latter, make up the statutory financial statements for 2011. In particular, Note 13 "Equity" explains this statement.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2011

(IN THOUSANDS OF EUROS)

	31/12/2011		31/12/2010	
Profit for the year before tax		**248,323**		**211,045**
Adjustments		**(23,002)**		**10,041**
Depreciation and amortisation charge (Notes 5, 6 & 7)	88,964		89,594	
Impairment losses	(18,934)		(3,664)	
Changes in provisions (Note 15)	72,060		79,161	
Recognition of grants in profit or loss	(558)		(512)	
Losses on derecognition and disposal of non-current assets (Note 7)	(140,697)		(940)	
Gains on derecognition and disposal of financial instruments (Note 10)	40		7,112	
Financial income (Note 21)	(240,848)		(358,164)	
Financial expenses	233,899		160,961	
Exchange differences	928		5,993	
Changes in fair value of financial instruments (Note 12)	(16,973)		30,500	
Other income and expenses	(883)		—	
Changes in working capital		**72,233**		**(28,246)**
Inventories	(28,092)		(200)	
Trade and other receivables	(57,125)		(20,357)	
Other current assets	(3,929)		(757)	
Trade and other payables	163,388		(4,639)	
Other current liabilities	(2,009)		(2,293)	
Other cash flows from operating activities		**11,593**		**195,026**
Interest paid	(195,684)		(109,301)	
Dividends received	140,314		233,960	
Interest received	77,031		64,966	
Income tax recovered (paid)	(4,734)		8,611	
Other amounts received (paid)	(5,334)		(3,210)	
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		309,147		387,866

FINANCIAL STATEMENTS

	31/12/2011		31/12/2010	
Payments due to investment		**(322,307)**		**(425,856)**
Group companies and associates (Note 10-a)	(210,896)		(296,390)	
Intangible assets (Note 5)	(16,852)		(6,521)	
Property, plant and equipment (Note 6)	(65,162)		(102,510)	
Investment property (Note 7)	(1,191)		(1,287)	
Other financial assets	(28,206)		(19,148)	
Collections from disposal		**384,218**		**216,763**
Group companies and associates (Note 9-b)	332		205,199	
Intangible assets (Note 5)	144		210	
Property, plant and equipment (Note 6)	8,597		2,933	
Investment property (Note 7)	364,824		—	
Other financial assets	10,321		8,421	
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES		61,911		(209,093)
Collections and payments relating to equity instruments		**(2,187)**		**40**
Disposal of treasury shares	43,129		—	
Purchase of treasury shares	(45,367)		—	
Grants, donations and legacies received	51		40	
Collections and payments relating to financial liability instruments (Note 16)		**400,569**		**122,576**
Issue of:				
Bank borrowings	509,620		202,142	
Borrowings from Group companies and associates	216,543		29,360	
Other borrowings	4,649		2,910	
Repayment of:				
Bank borrowings	(311,530)		(108,695)	
Borrowings from Group companies and associates	(8,704)		(2,931)	
Other borrowings	(10,009)		(210)	
Dividends and returns on other equity instruments paid		**(177,404)**		**(177,493)**
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES		220,978		(54,877)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		592,036		123,896
Cash and cash equivalents at beginning of year		**170,090**		**46,194**
Cash and cash equivalents at end of year		**762,126**		**170,090**

The accompanying Notes 1 to 25 and Appendixes I to IV are an integral part of the financial statements and, together with the latter, make up the statutory financial statements for 2011.

NOTES TO THE FINANCIAL STATEMENTS

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AT 31 DECEMBER 2011 (IN THOUSANDS OF EUROS)

FINANCIAL STATEMENTS

1. COMPANY ACTIVITIES

Fomento de Construcciones y Contratas, S.A. is a company incorporated in Spain in accordance with the Spanish Limited Liability Companies Law, the core business of which is to provide general services, which include the collection and treatment of solid waste, the cleaning of public streets and sewer systems, the maintenance of green areas and buildings, water treatment and distribution and other complementary services. It also occasionally carries on construction activities as a member of the Panama Consortium (see Note 2). The Company’s registered office is at c/ Balmes, 36 (Barcelona) and it carries on its activities basically in Spain.

Fomento de Construcciones y Contratas, S.A. is the Parent of the FCC Group, which comprises a broad spectrum of Spanish and foreign subsidiaries and associates that engage in activities such as construction, urban cleaning and integrated water cycle services, street furniture, passenger transport, passenger and aircraft ground handling, logistics, cement, real estate, energy, infrastructure management etc.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The financial statements were prepared from the accounting records of Fomento de Construcciones y Contratas, S.A. and of the joint ventures and consortia in which it has interests, and authorised for issue in accordance with the Spanish Commercial Code, Legislative Royal Decree 1/2010, of 2 July, approving the Consolidated Spanish Limited Liability Companies Law and Royal Decree 1514/2007 approving the Spanish National Chart of Accounts. In addition, all of the accounting principles and standards contained in the amendments of Royal Decree 1159/2010, of 17 September, the amendment of the industry plans and the applicable obligatory standards, resolutions and recommendations of the Spanish Accounting and Audit Institute (ICAC) were applied, so that the financial statements present fairly the Company's equity, financial position, results and cash flows in the corresponding year. It should be noted that, as a result of the publication in 2009 by the ICAC of a request for a ruling regarding the presentation for accounting purposes of the income of holding companies, "Income from Investments in Group Companies and Associates" and "Finance Income from Marketable Securities and Other Financial Instruments of Group Companies and Associates" were classified under "Revenue" in the accompanying income statement.

On 23 December 2010, Ministry of Economy and Finance Order EHA/3362/2010 was passed, approving the rules for adapting the Spanish National Chart of Accounts for public infrastructure concession operators. The above Order came into force on 1 January 2011 and is applicable to all concession operators that enter into concession arrangements with a concession grantor, as is the case of Fomento de Construcciones y Contratas, S.A., which carries on a part of its solid waste and water services management activities under concession. Accordingly, the Company has chosen to consider the financial statements for 2011 to be initial financial statements due to application of the new rules and, therefore, no comparative figures are included in this connection. In addition, application of the aforementioned Order did not have an impact on the Company's equity and only resulted in the reclassification of its assets for accounting purposes, as shown below in the balance sheet headings relating to 1 January 2011.

Concession arrangements, regulated assets	76,410
Concession arrangements, capitalised borrowing costs	3,317
Advances on concession arrangements, regulated assets	13,532
Other intangible assets	(4,363)
Land and buildings	(15,452)
Plant and other items of property, plant and equipment	(56,594)
Property, plant and equipment in the course of construction and advances	(13,533)
Deferred borrowing costs relating to concession financing	(3,317)

These financial statements, which were formally prepared by the Company's directors, will be submitted for approval by the shareholders at the Annual General Meeting, and it is considered that they will be approved without any changes. The financial statements for 2010 were approved by the shareholders at the Annual General Meeting held on 1 June 2011.

FINANCIAL STATEMENTS

The balance sheets, income statements, statements of changes in equity and statements of cash flows of the joint ventures in which the Company has interests were proportionately consolidated on the basis of the Company's percentage of ownership of each joint venture.

The joint ventures were included by making the required timing and measurement uniformity adjustments, reconciliations and reclassifications and by eliminating reciprocal asset and liability balances and income and expenses. The detail of any material amounts relating to the joint ventures and the community association is included in these notes to the financial statements.

The accompanying balance sheet and income statement include the assets and liabilities at the percentage of ownership in the joint ventures shown below:

	2011	2010
Revenue	209,629	203,896
Profit from operations	22,409	23,577
Non-current assets	129,219	127,028
Current assets	257,285	233,461
Non-current liabilities	43,698	26,099
Current liabilities	307,890	295,531

Appendix II lists the joint ventures and indicates the percentage share of their results.

The Company also holds a 45% interest in the Consortium awarded the contract to construct Line 1 of the Panama City metro. The accompanying financial statements include the assets, liabilities, income and expenses, by percentage of ownership, as shown below:

	2011
Revenue	120,098
Profit from operations	11,312
Non-current assets	3,818
Current assets	125,634
Current liabilities	121,767

The financial statements are expressed in thousands of euros.

Since Fomento de Construcciones y Contratas, S.A. is the head of the FCC Group, it is obliged under current legislation to prepare separate consolidated financial statements. These consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRSs), in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, of 19 July 2002, as well as all the provisions and interpretations implementing it. The consolidated financial statements of the FCC Group for 2011, prepared by the directors, will also be submitted for approval by the shareholders at the Annual General Meeting.

The consolidated financial statements of Fomento de Construcciones y Contratas, S.A. prepared in conformity with International Financial Reporting Standards (IFRSs) present total assets of EUR 22,447 million (31 December 2010: EUR 21,979 million) and equity attributable to the Company's shareholders of EUR 2,379 million (31 December 2010: EUR 2,563 million). In addition, consolidated sales and consolidated profit attributable to the Parent amount to EUR 11,755 million and EUR 108 million, respectively (31 December 2010: EUR 11,908 million and EUR 301 million).

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3. DISTRIBUTION OF PROFIT

The proposed distribution of the profit of Fomento de Construcciones y Contratas, S.A. that will be submitted for approval by the shareholders at the Annual General Meeting is as follows:

	2011
Profit for the year, before distribution (in thousands of euros)	235,824
Distribution:	
Interim dividends (euros per share)	0.65 euros per share
Supplementary dividends (euros per share)	0.65 euros per share
To voluntary reserves: The corresponding amount will be appropriated after the interim and final dividends on outstanding shares carrying dividend rights at the date of payment have been paid.	

On 15 December 2011, it was resolved to distribute to the shareholders of Fomento de Construcciones y Contratas, S.A. an interim dividend out of the profit for the year equal to 65% gross of the par value of the shares, i.e. EUR 0.65 per share. The total amount of this dividend, EUR 80,616 thousand, was paid on or after 10 January 2012 on the outstanding shares carrying dividend rights (see Note 16-c).

The Board of Directors' report evidencing the existence of sufficient liquidity for the distribution of the aforementioned interim dividend is included as Appendix IV hereto.

4. ACCOUNTING POLICES AND MEASUREMENT BASES

The principal accounting policies and measurement bases used by the Company in preparing its financial statements for 2011, in accordance with the Spanish National Chart of Accounts, were as follows:

a) Intangible assets

a.1) Service concession arrangements

The service concession arrangements are recognised in accordance with the provisions of Ministry of Economy and Treasury Order EHA/3362/2010 approving the rules for adapting the Spanish National Chart of Accounts for public infrastructure concession operators. In relation to the foregoing, a distinction must be drawn between two clearly different phases:

- The first in which the concession operator provides construction or upgrade services which are recognised under intangible or financial assets in accordance with recognition and measurement standard 14, Income from Sales and Services of the Spanish National Chart of Accounts and the rules on the percentage of completion method contained in measurement standard 18, Sales, Income from Completed Work and Other Income of the rules for adapting the Spanish National Chart of Accounts for construction companies.
- The second phase in which the concession operator provides a series of maintenance or operation services of the related infrastructure which are recognised in accordance with recognition and measurement standard 14, Income from Sales and Services of the Spanish National Chart of Accounts.

In addition, an intangible asset is recognised when the demand risk is borne by the concession operator and a financial asset is recognised when the demand risk is borne by the concession grantor since the operator has an unconditional contractual right to receive cash for the construction or upgrade services. In certain mixed arrangements, the operator and the grantor may share the demand risk, although this practice is practically non-existent at the Company.

For concessions classified as intangible assets, provisions for decommissioning, removal and rehabilitation and any steps to improve and increase capacity, the revenue from which is envisaged in the initial contract, are capitalised at the start of the concession and the amortisation of these assets and the adjustment for provision discounting are recognised in profit or loss. Also, provisions to replace and repair the infrastructure are systematically recognised in profit or loss as the obligation is incurred.

In addition, the borrowing costs arising from the financing of the infrastructure accruing from the construction until the entry into service of the infrastructure are included in the initial measurement of the intangible asset. When the infrastructure is ready to be placed into operation, the aforementioned costs are capitalised if they meet the requirements under the rules, provided that there is reasonable evidence that future income will enable the capitalised amount to be recovered.

These intangible assets are amortised on the basis of the demand for, or the use of, the infrastructure, taken to be the changes in and best estimates of the production units of each activity.

Concessions classified as a financial asset are recognised at the fair value of the construction or upgrade services provided. In accordance with the amortised cost method, the related finance income is recognised as revenue in profit or loss based on the effective interest rate resulting from the expected cash inflows and outflows of the concession. The borrowing costs arising from the financing of these assets are classified under “Finance Costs” in the income statement. As explained above, the income and expenses from the provision of maintenance or operation services are recognised in profit or loss in accordance with recognition and measurement standard 14, Income from Sales and Services of the Spanish National Chart of Accounts.

a.2) Other intangible assets

Other intangible assets, concessions and software, inter alia, are recognised at acquisition price or production cost. They are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses. At 2011 year-end no indications of loss of value were identified in relation to any of the Company's intangible assets. The Company does not own any assets with indefinite useful lives.

In accordance with Order EHA/3362/2010 mentioned in the previous point, “Intangible Assets - Concessions” in the balance sheet includes the royalties paid for the award of the concession agreements.

Computer software maintenance costs are recognised in the income statement for the year in which they are incurred.

As a general rule, intangible assets are amortised on a straight-line basis over their years of useful life.

b) Property, plant and equipment and Investment property

Property, plant and equipment and investment property are carried at acquisition cost or at production cost if the Company has performed in-house work thereon and are subsequently reduced by the related accumulated depreciation and by any impairment losses. At 31 December 2011, there was no indication that any of the Company's property, plant and equipment or investment property had suffered an impairment loss and, therefore, the recoverable amount of the assets is higher than or the same as their carrying amount and, accordingly, no impairment losses were recognised in this connection.

Property, plant and equipment and investment property upkeep and maintenance expenses are recognised in the income statement for the year in which they are incurred. However, the costs of improvements leading to increased capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised.

Non-current assets that necessarily take a period of more than twelve months to get ready for their intended use include such borrowing costs as might have been incurred before the assets are ready for their intended use and which have been charged by the supplier or relate to loans or other specific-purpose or general-purpose borrowings directly attributable to the acquisition or production of the assets.

In-house work on non-current assets is measured at accumulated cost (external costs plus in-house costs, determined on the basis of in-house materials consumption, direct labour and general manufacturing costs).

The Company depreciates its property, plant and equipment and investment property by the straight-line method at annual rates based on the years of estimated useful life of the assets, the detail being as follows:

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Years of estimated useful life	
Investment property	75
Buildings and other structures	25 - 50
Plant and machinery	5 - 15
Other fixtures, tools and furniture	8 - 12
Other items of property, plant and equipment	4 - 10

However, certain contracts have terms shorter than the useful life of the related fixed assets, in which case they are depreciated over the contract term.

c) Impairment of intangible assets, property, plant and equipment and investment property

Whenever there are indications of impairment of assets with a finite useful life (i.e. all the Company's intangible assets, property, plant and equipment and investment property), the Company tests the tangible and intangible assets for impairment to determine whether the recoverable amount of the assets has been reduced to below their carrying amount.

Recoverable amount is the higher of fair value less costs to sell and value in use. To determine the recoverable amount of the assets tested for impairment, an estimate is made of the present value of the net cash flows arising from the cash-generating units (CGUs) to which the assets belong, and to discount the cash flows, a pre-tax discount rate is applied that reflects current market assessments of the time value of money and the risks specific to each cash-generating unit.

Where an impairment loss on assets subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the value that would have been determined had no impairment loss been recognised for in prior years. The reversal of the impairment loss is recognised as income in the income statement.

d) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

d.1) Finance leases

In finance leases in which the Company acts as the lessee, the cost of the leased assets is presented in the balance sheet, based on the nature of the leased asset, and, simultaneously, a liability is recognised for the same amount. This amount will be the lower of the fair value of the leased asset and the present value, at the inception of the lease, of the agreed minimum lease payments, including the price of the purchase option when it is reasonably certain that it will be exercised. The minimum lease payments do not include contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor. The total finance charges arising under the lease are allocated to the income statement for the year in which they are incurred using the effective interest method. Contingent rent is recognised as an expense for the period in which it is incurred.

On expiry of the leases, the Company exercises the purchase option and the lease arrangements do not impose any restrictions concerning exercise of this option. Also, the lease agreements do not contain any renewal, review or price escalation clauses.

The assets recognised for transactions of this nature are depreciated on the basis of their nature and useful lives using criteria similar to those applied to items of property, plant and equipment taken as a whole.

There are no finance leases in which the Company acts as lessor.

d.2) Operating leases

When the Company acts as the lessee, it charges the expenses from operating leases to income on an accrual basis.

If the Company acts as the lessor, income and costs arising under operating leases are allocated to the income statement for the year in which they are incurred. Also, the acquisition cost of the leased asset is presented in the balance sheet according to the nature of the asset, increased by the investments arising from the lease agreements directly attributable to the lease, which are recognised as an expense over the term of such agreements, applying the same method as that used to recognise lease income.

A payment made on entering into or acquiring a leasehold that is accounted for as an operating lease represents prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

e) Financial instruments

e.1) Financial assets

Classification

The financial assets held by the Company are classified in the following categories:

- Loans and receivables: financial assets arising from the sale of goods or the rendering of services in the ordinary course of the Company's business, or financial assets which, not having commercial substance, are not equity instruments or derivatives, have fixed or determinable payments and are not traded in an active market.
- Held-to-maturity investments: debt securities with fixed maturity and determinable payments that are traded in an active market and which the Company has the positive intention and ability to hold to the date of maturity.
- Held-for-trading financial assets: assets acquired with the intention of selling them in the near term and assets that form part of a portfolio for which there is evidence of a recent actual pattern of short-term profit-taking. This category also includes financial derivatives that are not financial guarantees and that have not been designated as hedging instruments.
- Equity investments in Group companies, associates and jointly controlled entities: Group companies are deemed to be those related to the Company as a result of a relationship of control and associates are companies over which the Company exercises significant influence. Jointly controlled entities include companies over which, by virtue of an agreement, the Company exercises joint control with one or more other investors.
- Available-for-sale financial assets: these include debt securities and equity instruments of other companies that are not classified in any of the aforementioned categories.

Initial recognition

These financial assets are initially recognised at the fair value of the consideration given, plus any directly attributable transaction costs, except for held-for-trading assets and investments in Group companies affording control, the costs of which are recognised directly in the income statement.

Subsequent measurement

- Loans and receivables and held-to-maturity investments are measured at amortised cost.
- Held-for-trading financial assets are measured at fair value and the changes in the fair value are recognised in profit or loss.
- Investments in Group companies and associates and interests in jointly controlled entities are measured at cost net, where appropriate, of any accumulated impairment losses. These losses are calculated as the difference between the carrying amount of the investments and their recoverable amount. Recoverable amount is the higher of fair value less costs to sell and the present value of the future cash flows from the investment. Unless there is better evidence of the recoverable amount, it is based on the value of the equity of the investee, adjusted by the amount of the unrealised gains existing at the date of measurement (including any goodwill).
- Available-for-sale financial assets are measured at fair value and the gains and losses arising from changes in fair value are recognised in equity until the asset is disposed of or it is determined that it has become impaired, at which time the cumulative gains or losses previously recognised in equity are recognised in the net profit or loss for the year, or if it is determined that it has become impaired, once the pre-existing gains in equity have been derecognised, they are taken to the income statement.

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At least at each reporting date the Company makes valuation adjustments to financial assets not measured at fair value through profit or loss where there is objective evidence of impairment if the value is less than the carrying amount, in which case the impairment loss is recognised in the income statement. In particular, the Company calculates valuation adjustments relating to trade and other receivables by taking into account the specific insolvency risk of each account receivable.

The Company derecognises a financial asset when it expires or when the rights to the cash flows from the financial asset have been transferred and substantially all the risks and rewards of ownership of the financial asset have also been transferred, such as in the case of firm asset sales, factoring of trade receivables in which the Company does not retain any credit or interest rate risk, provide any kind of guarantee or assume any other kind of risk. These transactions bear interest at market rates and the factor assumes the risk of insolvency and late payment of the debtor. Fomento de Construcciones y Contratas, S.A. continues to manage collection.

e.2) Financial liabilities

Financial liabilities include accounts payable by the Company that have arisen from the purchase of goods or services in the normal course of the Company's business and those which, not having commercial substance, cannot be classed as derivative financial instruments.

Accounts payable are initially recognised at the fair value of the consideration received, adjusted by the directly attributable transaction costs. These liabilities are subsequently measured at amortised cost.

Borrowing costs are recognised on an accrual basis in the income statement using the effective interest method and are added to the amount of the financial instrument to the extent that they are not settled in the year in which they arise.

Bank borrowings and other current and non-current financial liabilities maturing within no more than 12 months from the balance sheet date are classified as current liabilities and those maturing within more than 12 months as non-current liabilities.

The Company derecognises financial liabilities when the obligations giving rise to them cease to exist.

e.3) Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities and the securities issued are recognised in equity at the proceeds received, net of issue costs.

Treasury shares acquired by the Company during the year are recognised at the value of the consideration paid and are deducted directly from equity. Gains and losses on the acquisition, sale, issue or retirement of treasury shares are recognised directly in equity and in no case are they recognised in profit or loss.

The Company currently has in force a remuneration scheme for its executive directors and executive personnel, linked to the value of the Company's shares. This scheme is described in Note 14 “Share-based Payment Transactions”.

e.4) Derivative financial instruments

The Company uses derivative financial instruments to hedge the risks to which its business activities, operations and future cash flows are exposed. Basically, these risks relate to changes in interest rates and the market prices of certain financial instruments. The Company arranges hedging financial instruments in this connection (see Note 12).

In order for these financial instruments to qualify for hedge accounting, they are initially designated as such and the hedging relationship is documented. Also, the Company verifies, both at inception and periodically over the term of the hedge (at least at the end of each reporting period), that the hedging relationship is effective, i.e. that it is prospectively foreseeable that the changes in the fair value or cash flows of the hedged item (attributable to the hedged risk) will be almost fully offset by those of the hedging instrument and that, retrospectively, the gain or loss on the hedge was within a range of 80-125% of the gain or loss on the hedged item.

The Company uses hedges of the following types, which are accounted for as described below:

- Fair value hedges: in this case, changes in the fair value of the hedging instrument and the hedged item attributable to the hedged risk are recognised in profit or loss.
- Cash flow hedges: in hedges of this nature, the portion of the gain or loss on the hedging instrument that has been determined to be an effective hedge is recognised temporarily in equity and is recognised in the income statement in the same period during which the hedged item affects profit or loss, unless the hedge relates to a forecast transaction that results in the recognition of a non-financial asset or a non-financial liability, in which case the amounts recognised in equity are included in the initial cost of the asset or liability when it is acquired or assumed.
- Hedges of net investments in foreign operations: the purpose of hedges of this nature is to hedge foreign currency risk relating to investments in subsidiaries and associates, and the foreign currency component is taken to the income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

Although certain derivatives are not recognised as hedges, this is only for accounting purposes since for financial and management purposes all the hedges arranged by the Company have, at inception, an underlying financial transaction and the sole purpose of hedging such transaction.

Derivatives do not qualify for hedge accounting if the hedge fails the effectiveness test, which requires the changes in the fair value or in the cash flows of the hedged item directly attributable to the risk of the instrument to be offset by changes in the fair value or in the cash flows of the hedging instrument. When this does not occur, the changes in value of the instruments not classified as hedges are recognised in profit or loss.

The financial derivatives are measured by experts on the subject using generally accepted methods and techniques. These experts were independent from the Company and the entities financing it.

f) Inventories

Inventories are measured at the lower of acquisition or production cost and net realisable value. Trade discounts, rebates, other similar items and interest included in the face value of the related payables are deducted in determining the costs of purchase.

Assets received in payment of loans are measured at the lowest of the following three values: the amount at which the loan relating to the asset was recognised, production cost and net realisable value.

Production cost includes the costs of direct materials and, where applicable, direct labour and production overheads.

Net realisable value is the estimated selling price less the estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The Company recognises the appropriate write-downs as an expense in the income statement when the net realisable value of the inventories is lower than acquisition or production cost.

g) Foreign currency transactions

The Company's functional currency is the euro. Therefore, transactions in currencies other than the euro are deemed to be “foreign currency transactions” and are recognised by applying the exchange rates prevailing at the date of the transaction.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rates then prevailing. Any resulting gains or losses are recognised directly in the income statement in the period in which they arise.

h) Income tax

The income tax expense is calculated on the basis of profit before tax, increased or decreased, as appropriate, by the permanent differences

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between taxable profit and accounting profit. Based on the legislation applicable to the Company, the corresponding tax rate is applied to this adjusted accounting profit. Any tax relief and tax credits earned in the year are then deducted and any positive or negative differences between the tax charge estimated for the previous year's accounting close and the amount of tax subsequently paid are added to or deducted from, respectively, the resulting tax charge.

The temporary differences between the accounting profit and the taxable profit for income tax purposes, together with the differences between the carrying amounts of assets and liabilities recognised in the balance sheet and their tax bases give rise to deferred taxes which are recognised as non-current assets and liabilities. These amounts are measured at the tax rates that are expected to apply in the years in which they will foreseeably reverse, and in no circumstances are they discounted to present value.

The Company capitalises the deferred tax assets arising from temporary differences and tax loss carryforwards, except for those with respect to which there are reasonable doubts as to their future recovery.

i) Revenue and expense

Revenue and expenses are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Revenue is measured at the fair value of the consideration received, net of discounts and taxes.

The Company recognises each year as the period result on its contracts the difference between period production (measured at the selling price of the service provided during the period, as specified in the principal contract or in approved amendments thereto, and the selling price of other as yet unapproved services for which there is reasonable assurance of collection) and the costs incurred. Additionally, late-payment interest is recognised as income when it is approved or finally collected.

The difference between the amount of production and the amount billed until the date of the financial statements is recorded as "Unbilled Production" under "Trade Receivables for Sales and Services". Pre-billings for various items are recognised under “Current Liabilities – Trade and Other Payables – Customer Advances”.

Interest income from financial assets is recognised using the effective interest method and dividend income is recognised when the shareholder's right to receive payment has been established. Interest and dividends from financial assets accrued after the date of acquisition are recognised as income.

In accordance with the accounting principle of prudence, the Company only records realised income at year-end, whereas foreseeable contingencies and losses, including possible losses, are recognised as soon as they become known, by recording the appropriate provisions.

j) Provisions and contingencies

The Company recognises provisions on the liability side of the accompanying balance sheet for present obligations arising from past events which the Company considers will probably require an outflow of resources embodying economic benefits to settle them on maturity.

These provisions are recognised when the related obligation arises and the amount recognised is the best estimate at the date of the accompanying financial statements of the present value of the future expenditure required to settle the obligation. The change in the year relating to the discount to present value is recognised as interest cost in the income statement.

Provisions for decommissioning, removal or rehabilitation and environmental provisions are recognised by increasing the value of the related asset by the present value of the expenses that will be incurred when operation of the asset ceases. The impact on profit or loss arises when the asset concerned is depreciated (as described in previous sections of this Note) and when the provisions are discounted to present value (as described in the preceding paragraph).

Provisions are classified as current or non-current in the accompanying balance sheet on the basis of the estimated maturity date of the obligation covered by them, and non-current provisions are considered to be those whose estimated maturity date exceeds the average cycle of the activity giving rise to the provision.

It should be noted that contingent liabilities due to possible obligations that arise from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the Company's control, are not recognised in the financial statements as the probability that such obligation will have to be settled is remote.

k) Environmental assets and liabilities

As indicated in Note 1, the Company engages mainly in services activities which, due to their nature, involve special care in controlling environmental impact. For example, with regard to the operation under concession of landfills, the Company is generally responsible for the sealing, control and reforestation thereof upon completion of its operations. Also, the Company has non-current assets for the protection of the environment and bears any costs required for this purpose in the performance of its business activities.

The acquisition costs of these non-current assets used in environmental conservation are recognised under "Property, Plant and Equipment" or "Intangible Assets" based on the nature of the investment, and are depreciated or amortised over the useful lives of the assets or on the basis of the demand for or the use of the infrastructure in the service concession agreements. Also, in accordance with current accounting legislation, the Company recognises the expenses and provisions arising from its environmental obligations.

The Company's environmental policy goes beyond strict compliance with current legislation in the area of environmental improvement and protection to include the establishment of preventative planning and the analysis and minimisation of the environmental impact of the activities carried on by it.

Company management considers that the possible contingencies relating to environmental protection and improvement at 31 December 2011 would not have a significant impact on the accompanying financial statements, which include provisions to cover any probable environmental risks that might arise.

l) Pension obligations

The Company has not established any pension plans to supplement the social security pension benefits. In accordance with the Consolidated Pension Plan and Fund Law, in specific cases where similar obligations exist, the Company externalises its obligations to its employees in this connection.

In addition, following authorisation by the Executive Committee, in the past an insurance policy was arranged and the premium paid to cover the payment of benefits relating to death, permanent occupational disability, retirement bonuses and pensions and other situations for, among other employees, certain executive directors and executives. In particular, the contingencies giving rise to benefits are those which entail the extinguishment of the employment relationship for any of the following reasons:

- Unilateral decision of the Company.
- Dissolution or disappearance of the Parent for whatever cause, including merger or spin-off.
- Death or permanent disability.
- Other causes of physical or legal incapacity.
- Substantial change in professional terms and conditions.
- Resignation of the executive on reaching 60 years of age, at the request of the executive and with the consent of the Company.
- Resignation of the executive on reaching 65 years of age, by unilateral decision of the executive.

The contributions made by the Company in this connection are recognised under "Staff Costs" in the income statement.

m) Grants

The Company accounts for grants received as follows:

m.1) Non-refundable grants

These are measured at the amount received or the fair value of the asset received, based on whether or not they are monetary grants, and they are taken to income in proportion to the period depreciation taken on the assets for which the grants were received or, where appropriate, on disposal of the asset or on the recognition of an impairment loss, except for grants received from shareholders, which are recognised directly in equity.

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m.2) Grants related to income

Grants related to income are credited to income when granted, unless their purpose is to finance losses from operations in future years, in which case they are allocated to income in those years. If grants are received to finance specific expenses, they are allocated to income as the related expenses are incurred.

n) Use of estimates

In preparing the accompanying financial statements estimates were made by the Company's directors in order to measure certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The assessment of possible impairment losses on certain assets (see Note 4-c).
- The assumptions used in the calculation of the fair value of share-based payments (see Note 14).
- The useful life of the intangible assets, property, plant and equipment and investment property (see Notes 4-a and 4-b)
- The fair value of certain financial instruments (see Note 12)
- The calculation of certain provisions (see Notes 4-j and 15).

Although these estimates were made on the basis of the best information available at 31 December 2011, events that take place in the future might make it necessary to change these estimates. Changes in accounting estimates would be applied prospectively.

ñ) Related party transactions

The Company performs all its transactions with related parties on an arm's length basis.

Note 22, "Related party transactions and balances" to these financial statements details the main transactions with the significant shareholders of the Company, its directors and senior executives and between Group companies.

5. INTANGIBLE ASSETS

The changes in "Intangible Assets" in the accompanying balance sheet in 2011 and 2010 were as follows:

	Concessions	Computer software	Concession arrangements	Other intangible assets	Accumulated amortisation	Total
Balance at 31/12/09	**23,814**	**15,099**	**3,883**	**13,768**	**(26,077)**	**30,487**
Additions or charge for the year	667	5,197	—	657	(5,118)	1,403
Disposals or reductions	—	—	(566)	(210)	—	(776)
Transfers	—	—	—	4,593	—	4,593
Balance at 31/12/10	**24,481**	**20,296**	**3,317**	**18,808**	**(31,195)**	**35,707**
Additions or charge for the year	358	5,228	17,625	1,684	(12,086)	12,809
Disposals or reductions	(209)	(551)	(682)	(776)	1,961	(257)
Transfers and reclassifications due to concession arrangements	—	—	148,270	(2,905)	(59,623)	85,742
Balance at 31/12/11	24,630	24,973	168,530	16,811	(100,943)	134,001

The detail of the intangible assets and of the related accumulated amortisation at 31 December 2011 and 2010 is as follows:

	Cost	Accumulated amortisation	Net
2011			
Concessions	24,630	(17,924)	6,706
Computer software	24,973	(9,623)	15,350
Concession arrangements	168,530	(66,432)	102,098
Other intangible assets	16,811	(6,964)	9,847
	234,944	**(100,943)**	**134,001**
2010			
Concessions	24,481	(17,114)	7,367
Computer software	20,296	(6,870)	13,426
Concession arrangements	3,317	—	3,317
Other intangible assets	18,808	(7,211)	11,597
	66,902	**(31,195)**	**35,707**

The detail of the Company's most significant contracts due to service concession arrangements is as follows:

- El Campello urban solid waste treatment plant.
  Construction and operation of the Integrated Urban Solid Waste Centre of El Campello (Alicante). It was awarded to the Company in 2003 and the construction phase was completed in November 2008, when the initial operation phase of 20 years began, which was subsequently extended to 21 years and 9 months. The net assets related to the above contract total EUR 46,197 thousand.
- Integrated management of the municipal water supply and sewerage service of Vigo.
  Award of the Aqualia-FCC-Vigo joint venture (50% Fomento de Construcciones y Contratas, S.A. and 50% Aqualia Gestión Integral del Agua, S.A., wholly owned by the Company) of the operation of the concession, including investments for the extension, renovation and/or improvement of the existing infrastructures that the grantor placed at the disposal of the joint venture. It was awarded in 1991 for an initial term of 25 years, extendible for five-year periods up to a maximum legal term of 50 years. The grantor extended the concession in 2011 for a further five years until 2020. The net assets related to the above contract total EUR 24,716 thousand.
- Urban solid waste treatment plant at San Justo de la Vega (León).
  Award of the Legio VII joint venture (with Fomento de Construcciones y Contratas, S.A. holding a 50% interest) for the construction and operation of the urban solid waste management system of the province of León. It was awarded in 2000 for an initial period of 20 years from the placing into operation of the recycling and composting plant in 2005. The net assets related to the above contract total EUR 8,195 thousand.

At the end of 2011 the Company did not have any material fully amortised intangible assets still in use.

At 31 December 2011, the Company did not have any intangible assets located outside Spain. There were also no assets used as security.

6. PROPERTY, PLANT AND EQUIPMENT

The changes in "Property, Plant and Equipment" in the accompanying balance sheet in 2011 and 2010 were as follows:

	Land and buildings	Plant and other items of property, plant and equipment	Property, plant and equipment in the course of construction and advances	Accumulated depreciation	Total
Balance at 31/12/09	**96,256**	**911,216**	**61,906**	**(531,866)**	**537,512**
Additions or charge for the year	19,919	50,687	31,904	(80,572)	21,938
Disposals or reductions	(367)	(29,145)	(72)	27,597	(1,987)
Transfers	19	36,395	(40,955)	—	(4,541)
Balance at 31/12/10	**115,827**	**969,153**	**52,783**	**(584,841)**	**552,922**
Additions or charge for the year	3,140	54,537	7,461	(72,926)	(7,788)
Disposals or reductions	(1,393)	(47,269)	(307)	41,203	(7,766)
Transfers and reclassifications due to concession arrangements	(18,792)	(84,692)	(43,121)	61,083	(85,522)
Balance at 31/12/11	98,782	891,729	16,816	(555,481)	451,846

The main changes in "Property, Plant and Equipment" relate to assets associated with the services and water concession agreements operated by the Company.

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The Company owns buildings, the value of which, net of depreciation, and that of the land, were as follows at 2011 year-end:

	2011	2010
Land	**24,338**	**32,020**
Buildings	**45,635**	**53,461**
	69.973	85,481

The detail of the property, plant and equipment and of the related accumulated depreciation at 31 December 2011 and 2010 is as follows:

	Cost	Accumulated depreciation	Net
2011			
Land and buildings	98,782	(28,809)	69,973
Plant and other items of property, plant and equipment	891,729	(526,672)	365,057
Property, plant and equipment in the course of construction and advances	16,816	—	16,816
	1,007,327	**(555,481)**	**451,846**
2010			
Land and buildings	115,827	(30,346)	85,481
Plant and other items of property, plant and equipment	969,153	(554,495)	414,658
Property, plant and equipment in the course of construction and advances	52,783	—	52,783
	1,137,763	**(584,841)**	**552,922**

Of the net amount of property, plant and equipment, EUR 48,708 thousand (31 December 2010: EUR 85,730 thousand) relate to assets used in joint ventures.

In 2011 and 2010 the Company did not capitalise finance costs under "Property, Plant and Equipment”.

At 2011 year-end the Company held various items of property, plant and equipment under finance leases (see Note 8).

At year-end all of the items of property, plant and equipment were used in the various production processes although some of the property, plant and equipment has been fully depreciated, amounting to EUR 260,103 thousand (31 December 2010: EUR 272,619 thousand), of which EUR 10,718 thousand related to structures (31 December 2010: EUR 10,201 thousand). The amounts relating to joint ventures were not material.

At 31 December 2011, the Company did not have any significant investments in property, plant and equipment abroad. It also did not have any significant firm purchase commitments relating to property, plant and equipment.

The Company's property, plant and equipment that is subject to restrictions on title relates mainly to assets under finance leases.

The Company takes out insurance policies to cover the possible risks to which its property, plant and equipment are subject. At 2011 year-end the property, plant and equipment were fully insured against these risks.

7. INVESTMENT PROPERTY

“Investment Property” in the accompanying balance sheet reflects the values of the land, buildings and other structures held either to earn rentals or for capital appreciation.

On 29 December 2011, the Torre Picasso building was sold for EUR 400,000 thousand and gave rise to a gain of EUR 139,916 thousand for the Company, which is recognised under "Gains or Losses on Disposals and Other" in the accompanying income statement. As provided for in the sale agreement, Company undertook to settle the obligations assumed by it under the financing agreement entered into on 18 December 2009, amounting to EUR 250,000 thousand, and cancelled the mortgage that had been taken out on the building and the additional commitments securing the loan.

The changes in “Investment Property” in the accompanying balance sheet in 2011 and 2010 were as follows:

	Buildings	Accumulated depreciation	Total
Balance at 31/12/09	**286,325**	**(55,813)**	**230,512**
Additions or charge for the year	1,287	(3,904)	(2,617)
Disposals or reductions	(879)	—	(879)
Transfers	(52)	—	(52)
Balance at 31/12/10	**286,681**	**(59,717)**	**226,964**
Additions or charge for the year	2,117	(3,952)	(1,835)
Disposals or reductions	(289,132)	64,223	(224,909)
Transfers	334	(554)	(220)
Balance at 31/12/11	—	—	—

The average occupancy level of Torre Picasso is 100% (31 December 2010: 99%).

The figures included in profit or loss for 2011 and 2010 relating to the operation of the Torre Picasso building were as follows:

	2011	2010
Rental income	**25,350**	**25,371**
Transfer of costs to tenants	**7,249**	**7,184**
Profit net of taxes	**12,723**	**12,572**

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8. LEASES

a) Finance leases

The Company, as lessee, has recognised assets leased under leases with basically a maximum term of two to five years and, in general, lease payments payable in arrears. Consequently, the present value of the payments does not differ significantly from their nominal value. The leased assets include notably the lorries and machinery used in the waste collection and cleaning services provided by the Company.

The characteristics of the finance leases in force at the end of 2011 and 2010 are as follows:

	2011	2010
Carrying amount	**82,421**	**95,070**
Accumulated depreciation	23,482	15,649
Cost of the assets	**105,903**	**110,719**
Finance costs	4,171	5,193
Capitalised cost of the assets	**110,074**	**115,912**
Lease payments paid in the year	(36,374)	(35,370)
Lease payments paid in prior years	(32,451)	(10,618)
Lease payments outstanding, including purchase option	**41,249**	**69,924**
Unaccrued finance charges	(1,449)	(3,291)
Present value of lease payments outstanding, including purchase option	**39,800**	**66,633**
Contract term (years)	2 to 5	2 to 5
Value of purchase options	977	1,034

The payment dates of the outstanding lease payments of the committed payments are shown in Note 16 to these financial statements.

The finance leases arranged by the Company do not include lease payments the amount of which must be determined on the basis of future economic events or indices and, accordingly, in 2011 no expense was incurred in connection with contingent rent.

b) Operating leases

As lessee, the Company makes operating lease payments basically for the use of buildings and structures relating to the Central Services offices in Madrid and Barcelona, and for the leases of premises and industrial buildings used by the Company as offices, warehouses, changing rooms and garages in the course of its activities.

The amount relating to the aforementioned leases in 2011 totalled EUR 32,200 thousand (31 December 2010: EUR 31,891 thousand).

Also worthy of note among the lease agreements due to the sum involved is the lease agreement entered into between Fomento de Construcciones y Contratas, S.A. and the new owners of the buildings housing the FCC Group's Central Services offices, located at Federico Salmón 13, in Madrid and at Balmes 36, in Barcelona. On 29 December 2011, Fedemés, S.A., a wholly-owned investee of the Company and owner of the aforementioned buildings, sold them. On that same date, the new owners and Fomento de Construcciones y Contratas, S.A. entered into two lease agreements on the two buildings for a non-cancellable minimum term of 30 years, extendable at the Company's discretion by two five-year periods, with an initial combined annual rent of EUR 5,040 thousand, adjustable each year based on the CPI. The new owners, in turn, granted a purchase option to the Company, which can be exercised only at the end of the lease term at the higher of fair value and the CPI-adjusted selling price.

At 2011 year-end there were non-cancellable future committed payments in relation to the above items amounting to EUR 239,391 thousand (2010: EUR 81,367 thousand). The detail, by maturity, of the non-cancellable future minimum payments at 31 December 2011 and 2010 is as follows:

	2011	2010
Within one year	**24,591**	**18,383**
Between one and five years	**75,557**	**42,286**
After five years	**139,243**	**20,698**
	239,391	81,367

9. NON-CURRENT AND CURRENT FINANCIAL ASSETS

a) Non-current financial assets

The detail of "Non-Current Financial Assets" at the end of 2011 and 2010 is as follows:

	Equity instruments	Loans to third parties	Derivatives	Other financial assets	Total
2011					
Loans and receivables	—	37,806	—	35,518	73,324
Available-for-sale financial assets	9,344	—	—	—	9,344
Held-for-trading financial assets (Note 12)	—	—	12,222	—	12,222
Hedging derivatives (Note 12)	—	—	3,475	—	3,475
	9,344	37,806	15,697	35,518	98,365
2010					
Loans and receivables	—	27,609	—	24,111	51,720
Available-for-sale financial assets	9,268	—	—	—	9,268
Held-for-trading financial assets (Note 12)	—	—	11,105	—	11,105
Hedging derivatives (Note 12)	—	—	3,919	—	3,919
	9,268	27,609	15,024	24,111	76,012

The detail, by maturity, of the loans and receivables is as follows:

	2013	2014	2015	2016	2017 and subsequent years	Total
Loans and receivables	8,115	3,523	3,608	3,665	54,413	73,324

Loans and receivables

The amounts granted to public entities for the performance of building work and installations in the water network, mainly in joint ventures, are recognised as loans and receivables. These loans earn interest at market rates. Loans and receivables also include long-term deposits and the deposits and guarantees required legally or contractually in the course of the Company's activities, as well as the loans granted to Xfera Móviles, S.A. described in the following section.

Available-for-sale financial assets

The detail at 31 December 2011 and 2010 is as follows:

	Effective percentage of ownership	Fair value
2011		
Shopnet Brokers, S.A.	14.88%	—
Vertederos de Residuos, S.A.	16.03%	9,076
Xfera Móviles, S.A.	3.44%	—
Other		268
		9,344
2010		
Shopnet Brokers, S.A.	14.88 %	—
Vertederos de Residuos, S.A.	16.03 %	8,998
Xfera Móviles, S.A.	3.44 %	—
Other		270
		9,268

At 31 December 2011, the Company had granted loans to Xfera Móviles, S.A. totalling EUR 24,115 thousand (31 December 2010: the same amount) for which a provision of EUR 3,685 thousand had been recognised (31 December 2010: EUR 22,085 thousand). The EUR 18,400 thousand reversal of this provision in 2011 is included under "Impairment and Gains or Losses on Disposals of Financial Instruments" in the income statement. In addition, at 31 December 2011, the Company had provided guarantees amounting to EUR 13,286 thousand for Xfera Móviles, S.A. (31 December 2010: EUR 3,995 thousand).

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b) Current financial assets

The detail of "Current Financial Assets" at the end of 2011 and 2010 is as follows:

	Loans to companies	Derivatives	Other financial assets	Total
2011				
Held-to-maturity investments	—	—	62	62
Loans and receivables	18,887	—	6,426	25,313
Held-for-trading financial assets (Note 12)	—	888	—	888
	18,887	888	6,488	26,263
2010				
Held-to-maturity investments	—	—	2,887	2,887
Loans and receivables	6,622	—	2,509	9,131
	6,622	—	5,396	12,018

In 2011 the Company did not recognise any impairment losses on either its non-current or current financial assets.

10. INVESTMENTS IN AND PAYABLES TO GROUP COMPANIES AND ASSOCIATES

a) Non-current investments in Group companies and associates

At 31 December 2011 and 2010, the detail of "Non-Current Investments in Group Companies and Associates" is as follows:

	Cost	Accumulated impairment losses	Total
2011			
Equity instruments of Group companies	1,634,920	(3,492)	1,631,428
Equity instruments of associates	736,064	(75,584)	660,480
Loans to Group companies	1,907,486	—	1,907,486
Loans to associates	5,720	—	5,720
Derivatives	2,376	—	2,376
	4,286,566	(79,076)	4,207,490
2010			
Equity instruments of Group companies	1,590,260	(2,458)	1,587,802
Equity instruments of associates	735,809	(76,537)	659,272
Loans to Group companies	1,878,135	—	1,878,135
Loans to associates	59,371	—	59,371
	4,263,575	(78,995)	4,184,580

The changes in the line items in the foregoing table are as follows:

	Equity of instruments Group companies	Equity instruments of associates	Loans to Group companies	Loans to associates	Derivatives	Net impairment losses	Total
Balance at 31/12/09	**1,347,826**	**735,809**	**1,293,965**	**54,741**	**—**	**(90,219)**	**3,342,122**
Additions or charge for the year	250,000	—	40,925	5,465	—	(1,064)	295,326
Disposals or reversals	(7,566)	—	—	(440)	—	12,288	4,282
Transfers	—	—	543,245	(395)	—	—	542,850
Balance at 31/12/10	**1,590,260**	**735,809**	**1,878,135**	**59,371**	**—**	**(78,995)**	**4,184,580**
Additions or charge for the year	44,700	255	29,361	48	2,376	(2,281)	74,459
Disposals or reversals	(40)	—	(3)	(799)	—	2,200	1,358
Transfers	—	—	(7)	(52,900)	—	—	(52,907)
Balance at 31/12/11	1,634,920	736,064	1,907,486	5,720	2,376	(79,076)	4,207,490

Equity instruments of Group companies

The most significant changes in the foregoing table are as follows:

- Of particular note in 2011 was the investment in the form of a direct contribution to reserves, in accordance with Austrian legislation, of EUR 22,000 thousand at Alpine Bau GmbH and of EUR 10,500 thousand at Alpine Holding GmbH, companies controlled through the 100% interest in FCC Construcción, S.A. Also in 2011, as a result of the reorganisation of the Energy business area in the FCC Group, the Parent, Fomento de Construcciones y Contratas, S.A., paid out EUR 5,506 thousand in relation to the capital transactions of the investees FCC Energía, S.A., Saisei Renovables, S.L. and FCC Power Generation, S.L. The latter two companies were incorporated at the end of the year. The Company also paid off in full the amount outstanding on the wholly owned investee, Ecoparque Mancomunidad del Este, S.A., totalling EUR 4,201 thousand and also paid off in part the amount outstanding on the investee Valoración y Tratamiento de Residuos Urbanos, S.A. in which the Company holds an 80% interest, totalling EUR 1,500 thousand.
- In 2010, the subsidiary FCC Construcción, S.A., wholly owned by Fomento de Construcciones y Contratas, S.A., increased capital by EUR 50,000 thousand with a share premium of EUR 200,000 thousand. The increase was subscribed in full by the Company for an amount of EUR 250,000 thousand. Also of note in 2010 was the liquidation of Giza Environmental Services S.A.E., in which Fomento de Construcciones y Contratas, S.A. held a 70% interest. The Company derecognised this interest and the short-term loan granted in prior years (see Note 10-b), giving rise to a loss of EUR 7,114 thousand which was recognised under "Gains or Losses on Disposals and Other" in the accompanying income statement.

The detail, by company, of the investments in Group companies and associates is presented in Appendixes I and III, respectively, indicating for each company in which a direct ownership interest is held the company name, registered office, line of business, the percentage of capital held directly or indirectly, the amount of equity (capital, reserves and other), profit or loss, dividends received, whether or not it is listed and the carrying amount of the ownership interest.

In relation to the interest held by the Company in Cementos Portland Valderrivas, S. A. (see Appendix I), the latter is in the process of refinancing its main loans due to the failure to comply with certain ratios. The refinancing process is expected to be completed successfully in the first half of 2012. In this regard, the Cementos

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Portland Valderrivas Group is preparing a business plan for the 2012-2016 period, which will be submitted to the creditor banks, in order to bring debt servicing in line with the funds that that Group is expected to generate.

Long-term loans to Group companies

The most significant amounts are as follows:

	2011	2010
Azincourt Investment, S.L. Unipersonal	1,100,728	1,100,728
FCC Construcción, S.A.	400,000	400,000
Aqualia Gestión Integral del Agua, S.A.	149,250	149,250
FCC Versia, S.A.	140,000	140,000
WRG PFI Holdings Limited	40,370	30,007
Dédalo Patrimonial, S.L. Unipersonal	30,916	23,949
Enviropower Investments, Ltd.	19,819	19,231
ASA Abfall Services AG	14,000	14,000
Other	12,403	970
	1,907,486	1,878,135

In the foregoing table the following is noteworthy:

- The participating loan of EUR 1,100,728 thousand granted to Azincourt Investment, S.L. Unipersonal, wholly owned by Fomento de Construcciones y Contratas, S.A., which holds the portfolio representing 100% of the Waste Recycling Group acquired in 2006. This loan is repayable in a single payment in December 2013, like the bank loan with which it is associated (see Note 16). The loan earns fixed interest at 2.95% on a portion thereof and floating interest on another portion based on certain performance indicators of the borrower. At year-end interest of EUR 34,309 thousand had been earned on the participating loan (31 December 2010: EUR 32,931 thousand), which was recognised under "Finance Income from Marketable Securities and Other Financial Instruments of Group Companies and Associates" in the accompanying income statement.
- The long-term loan of EUR 400,000 thousand to the subsidiary FCC Construcción, S.A. It is repayable in a single repayment on 30 June 2013. The interest rate is 90-day Euribor plus a spread of 4%. The loan earned interest of EUR 15,644 thousand in 2011.
- The participating loan of EUR 149,250 thousand granted on 1 May 2010 to the subsidiary Aqualia Gestión Integral del Agua, S.A. It matures on 31 May 2013 and is automatically renewable for successive one-year periods. The interest is calculated on the basis of various accounting indicators of the borrower. The participating loan accrued interest of EUR 5,428 thousand in 2011.
- The long-term loan of EUR 140,000 thousand granted on 9 February 2007 to the investee FCC Versia, S.A., which initially matured in two years, automatically extendable by successive two-year periods. The interest rate is established on the basis of the average 3-month Euribor of the month prior to the month on which it is to be reviewed, plus a spread of 0.75%. At 2011 year-end this loan had earned interest of EUR 2,901 thousand (31 December 2010: EUR 2,094 thousand).

The other loans relate to amounts granted to Group companies that mature in more than one year and earn interest at market rates.

Long-term loans to associates

In 2011, EUR 52,531 thousand of the participating loan granted to Realia Business, S.A. in 2009 was reclassified from non-current to current. This loans earned interest of EUR 2,397 thousand in 2011 (31 December 2010: EUR 2,317 thousand).

b) Current investments in Group companies and associates

"Current Investments in Group Companies and Associates" includes basically the loans and other non-trade credit facilities granted to Group companies and associates, among other things, to cater for certain specific cash situations and other short-term investments. These investments are measured at the lower of cost and market, plus the related interest at market rates.

The most significant amounts are as follows:

	2011	2010
FCC Construcción, S.A.	526,924	422,406
Saisei Renovables, S.L/FCC Energía, S.A.	366,746	350,071
Azincourt Investment, S.L. Unipersonal	246,714	166,641
Aqualia Gestión Integral del Agua, S.A.	118,918	125,683
Realia Business, S.A.	54,475	—
Dédalo Patrimonial, S.L. Unipersonal	21,657	—
Enviropower Investments Ltd.	12,457	—
FCC Medio Ambiente, S.A.	11,095	22,738
Fedemes, S.L.	7,372	—
Corporación Financiera Hispánica, S.A.	2,217	15,000
Asesoría Financiera y de Gestión, S.A.	1,958	8,768
FCC Versia, S.A.	1,445	16,753
Other	27,693	40,002
	1,399,671	1,168,062

These loans mature annually and earn interest at market rates.

c) Current payables to Group companies and associates

The most noteworthy balances of "Current Payables to Group Companies and Associates", which includes the loans received by the Company bearing interest at market rates and trade accounts payable to these companies, recognised under liabilities in the accompanying balance sheet, are as follows:

	2011	2010
Corporación Financiera Hispánica, S.A.	196,515	194,238
FCC Versia, S.A.	170,044	108,564
Fedemes, S.L.	69,219	3,396
Asesoría Financiera y de Gestión, S.A.	58,776	64,828
FCC Finance, B.V.	55,618	55,291
FCC Medio Ambiente, S.A.	32,109	24
Alpine Bau GmbH	22,000	—
Azincourt Investment, S.L. Unipersonal	17,845	18,155
Proactiva Medio Ambiente, S.A.	17,395	17,271
Ecoparque Mancomunidad del Este, S.A.	17,060	11,504
FCC Construcción, S.A.	16,746	2,150
Aqualia Gestión Integral del Agua, S.A.	14,523	979
Alpine Holding GmbH	10,500	—
Aqualia Infraestructuras, S.A.	10,445	—
Remainder	39,735	21,957
	748,530	498,357

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11. TRADE RECEIVABLES FOR SALES AND SERVICES

"Trade Receivables for Sales and Services" in the accompanying balance sheet includes the present value of the Company's sales and services.

	2011	2010
Production billed not yet collected	570,576	557,479
Unbilled production	126,913	94,810
Trade receivables for sales and services	697,489	652,289
Customer advances	(108,625)	(59,875)
Total trade receivables, net	588,864	592,414

The foregoing total is the net balance of trade receivables after deducting the balance of “Customer Advances” on the liability side of the accompanying balance sheet which, as required by accounting regulations, includes the collected and uncollected pre-billings for various items and the advances received (normally in cash).

"Production Billed Not Yet Collected" reflects the amount of the billings issued to customers for services provided pending collection at the balance sheet date.

"Unbilled Production" reflects the difference between the production recognised by the Company on each contract and the amount of the billings issued to the customers. The balance of this account relates basically to the price revisions under the various contracts which, although as yet unapproved, the Company considers will be duly billed since there are no doubts as to their being accepted.

The Company transfers title to trade receivables to banks without recourse against Fomento de Construcciones y Contratas, S.A. in the event of non-payment. The amount deducted from the trade receivables balance at year-end in this connection amounted to EUR 452,263 thousand (31 December 2010: EUR 300,492 thousand).

Of the net balance of trade receivables, EUR 124,907 thousand (31 December 2010: EUR 114,102 thousand) relate to balances from contracts performed through joint ventures.

12. DERIVATIVE FINANCIAL INSTRUMENTS

The assets and liabilities relating to derivatives included in the accompanying balance sheet and the impact thereof on equity and the income statement are as follows:

	Fair value			
	Assets (Note 9)	Liabilities (Note 16)	Impact on equity	Impact on the income statement
2011				
Hedging derivatives	3,475	59,981	(44,080)	—
Other derivatives	15,486	46,053	—	16,973
	18,961	106,034	(44,080)	16,973
2010				
Hedging derivatives	3,919	42,894	(33,004)	—
Other derivatives	11,105	56,399	—	(30,500)
	15,024	99,293	(33,004)	(30,500)

Hedging derivatives

Following is a detail of the hedging derivatives arranged by the Company for 2011 and 2010, all of which are cash flow hedges, subdivided according to the hedged transaction, and including the type of derivative, the amounts arranged or notional amounts, the expiry date, the fair value at year-end and the impact on equity net of the tax effect:

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2011						
Hedged transaction	Type of derivative	Amount arranged	Expiry	Fair value Assets	Fair value Liabilities	Impact on equity
Syndicated loan (Note 16-b)	IRS	149,086	30/12/2013	—	8,454	(5,917)
	IRS	11,693	30/12/2013	—	608	(426)
	IRS	97,928	30/12/2013	—	5,408	(3,786)
	IRS	129,113	30/12/2013	—	9,248	(6,473)
	IRS	83,313	30/12/2013	—	4,577	(3,204)
	BASIS SWAP	200,000	30/06/2012	—	994	(696)
	BASIS SWAP	50,000	30/06/2012	—	239	(167)
	BASIS SWAP	92,020	30/06/2012	—	454	(318)
				—	29,982	(20,987)
Syndicated credit (Note 16-b)	IRS	1,225,000	08/05/2014	—	28,541	(19,978)
	IRS	24,733	10/10/2013	57	—	40
				57	28,541	(19,938)
Limited recourse borrowings (Note 16-b)	IRS	6,037	02/04/2024	—	694	(486)
	IRS	3,019	02/04/2024	—	347	(243)
	IRS	1,934	02/04/2024	—	222	(155)
	IRS	1,704	02/04/2024	—	195	(137)
				—	1,458	(1,021)
Share option plan (Note 14)	CALL (1st plan)	61,596	30/09/2013	904	—	(1,350)
	CALL (2nd plan)	37,065	10/02/2014	2,514	—	(784)
				3,418	—	(2,134)
Total				3,475	59,981	(44,080)

2010						
Hedged transaction	Type of derivative	Amount arranged	Expiry	Fair value Assets	Fair value Liabilities	Impact on equity
Syndicated loan (Note 16-b)	IRS	148,023	30/12/2013	—	12,709	(8,897)
	IRS	13,539	30/12/2013	—	786	(550)
	IRS	113,389	30/12/2013	—	7,093	(4,965)
	IRS	172,622	30/12/2013	—	11,155	(7,809)
	IRS	96,465	30/12/2013	—	5,996	(4,197)
	BASIS SWAP	105,000	30/06/2011	—	(11)	8
	BASIS SWAP	245,000	30/06/2011	—	(43)	30
	BASIS SWAP	26,998	30/06/2011	—	(1)	1
	BASIS SWAP	46,016	30/06/2011	—	(8)	6
				—	37,676	(26,373)
Limited recourse borrowings (Note 16-b)	IRS	200,000	18/12/2024	—	5,218	(3,653)
	IRS	9,918	02/04/2024	166	—	117
	IRS	4,959	02/04/2024	53	—	37
	IRS	3,178	02/04/2024	83	—	58
	IRS	2,799	02/04/2024	47	—	33
				349	5,218	(3,408)
Share option plan (Note 14)	CALL (1st plan)	61,596	30/09/2013	1,065	—	(2,059)
	CALL (2nd plan)	37,065	10/02/2014	2,505	—	(1,164)
				3,570	—	(3,223)
Total				3,919	42,894	(33,004)

The detail, by maturity, of the notional amount of the hedging transactions arranged at 31 December 2011 is as follows:

	Notional maturity 2012	2013	2014	2015	2016 and subsequent
IRS (syndicated loan)	76,097	395,036	—	—	—
BASIS SWAP	342,020	—	—	—	—
IRS (syndicated credit)	9,275	627,958	612,500	—	—
IRS (limited recourse borrowings)	331	834	1,016	1,061	9,452
CALL	—	61,596	37,065	—	—

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Other derivatives

Following is the detail for 2011 and 2010 of the derivative financial instruments that do not qualify for hedge accounting, subdivided according to the hedged transaction, and including a detail of the type of derivative, the amounts arranged or the notional amount, the expiry date, the fair value at year-end and the impact on the income statement under "Changes in Fair Value of Financial Instruments":

2011

	Type of derivative	Amount arranged	Expiry	Fair value Assets	Fair value Liabilities	Impact on the income statement
Share option plan (Note 14)	PUT (1st plan)	61,596	30/09/2013	—	29,560	8,351
	PUT (2nd plan)	37,065	12/02/2014	—	13,229	5,260
	CFE (1st plan)	61,596	30/09/2013	3,747	—	711
	CFE (2nd plan)	37,065	12/02/2014	4,148	—	78
				7,895	42,789	14,400
Convertible bonds (Note 13-f)	Trigger Call	450,000	31/01/2014	4,327	—	2,573
				4,327	—	2,573
Exchange rate hedge (WRG)	IRS	73,201	21/03/2014	2,376	—	2,376
	IRS	36,600	21/03/2014	—	1,188	(1,188)
	IRS	36,600	21/03/2014	—	1,188	(1,188)
				2,376	2,376	—
Equity swap	Share Swap	94,990	16/01/2012	888	—	888
	Share Forward	94,990	16/01/2012	—	888	(888)
				888	888	—
				15,486	46,053	16,973

2010

	Type of derivative	Amount arranged	Expiry	Fair value Assets	Fair value Liabilities	Impact on the income statement
Share option plan (Note 14)	PUT (1st plan)	61,596	30/09/2013	—	37,910	(15,921)
	PUT (2nd plan)	37,065	10/02/2014	—	18,489	(8,471)
	CFE (1st plan)	61,596	30/09/2013	4,336	—	395
	CFE (2nd plan)	37,065	10/02/2014	5,014	—	(289)
				9,350	56,399	(24,286)
Convertible bonds (Note 13-f)	Trigger Call	450,000	31/01/2014	1,755	—	(6,214)
				1,755	—	(6,214)
				11,105	56,399	(30,500)

13. EQUITY

a) Share capital

The share capital of Fomento de Construcciones y Contratas, S.A. consists of 127,303,296 ordinary bearer shares of EUR 1 par value each.

All the shares carry the same rights and have been fully subscribed and paid.

The shares of Fomento de Construcciones y Contratas, S.A. are included in the selective Ibex 35 index, are publicly listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and are traded through the Spanish stock market interconnection system.

The only investment of 10% or more owned directly or indirectly (through subsidiaries) by other companies, according to the information provided pursuant to current legislation, is that held by B-1998, S.L., which has a direct and indirect ownership interest of 53,829% in the share capital.

The aforementioned company, B-1998, S.L., in which Esther Koplowitz Romero de Juseu, Larranza XXI, S.L. and Eurocis, S.A. have direct or indirect ownership interests of 89,653%, 5,339% and 5,008%, respectively, has certain commitments to its shareholders which are recorded and published by the Spanish National Securities Market Commission (CNMV) and in the FCC Group's Corporate Governance Report.

Esther Koplowitz Romero de Juseu also directly owns 123,313 FCC shares and indirectly holds 39,172 FCC shares through Dominum Desga, S.L. (4,132 shares) and Ejecución y Organización de Recursos, S.L. (35,040 shares), companies wholly owned by Esther Koplowitz Romero de Juseu.

b) Share premium

The Consolidated Spanish Limited Liability Companies Law expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use for other purposes.

c) Legal reserve

Under the Consolidated Spanish Limited Liability Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve cannot be distributed to shareholders except in the event of liquidation.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount.

Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

At 31 December 2011, the legal reserve had reached the stipulated level.

d) Restricted reserves

"Other Reserves" in the accompanying balance sheet notably includes EUR 6,034 thousand of restricted reserves, equal to the par value of the treasury stock retired in 2002 and 2008 which, in accordance with Article 335.c of the Spanish Limited Liability Companies Law, are restricted, unless the same requirements as those stipulated for capital reductions are met.

e) Treasury shares

At 31 December 2011, the Company held 3,278,047 treasury shares (31 December 2010: 3,182,582 treasury shares), accounting for 2.57% of the share capital and amounting to EUR 90,975 thousand (31 December 2010: EUR 89,130 thousand).

In addition, at 31 December 2011, through Asesoría Financiera y de Gestión, S.A., (wholly owned by Fomento de Construcciones y Contratas, S.A.), the Company held 9,418,830 treasury shares (31 December 2010: 9,432,369), accounting for 7.40% of the share capital and with a carrying amount at that company of EUR 255,408 thousand (31 December 2010: EUR 194,766 thousand).

f) Other equity instruments

In accordance with recognition and measurement standard 9 of the Spanish National Chart of Accounts, "Other Equity Instruments" includes the measurement of the equity component resulting from accounting for the issue of convertible bonds into shares of the Company, which when added to the amount expressed under "Debt Instruments and Other Marketable Securities" in the accompanying balance sheet, makes up the total amount of the issue of such bonds.

In October 2009 Fomento de Construcciones y Contratas, S.A. launched an issue of bonds exchangeable for shares of the Company, the main characteristics of which were as follows:

- The amount of the issue is EUR 450,000,000 with a maturity date of 30 October 2014.
- The bonds were issued at par and with a face value of EUR 50,000.
- The bonds accrue interest at a fixed annual rate of 6.5% payable every six months.
- The exchange price of the bonds for shares of the Company is EUR 39,287 per share, which means that each bond will be convertible into 1,272.68 ordinary shares.

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- The bonds are convertible or redeemable at the option of the holder or at the option of Fomento de Construcciones y Contratas, S.A., and the terms and conditions for the exercise of the option are included in the "Issue Agreement". Both newly issued shares and old shares held by the Company may be delivered.
- This issue is backed by the Company's equity and there are no other special third-party guarantees.
- The issue is underwritten by financial institutions and is intended for qualified international investors.

The shareholders at the Extraordinary General Meeting of Fomento de Construcciones y Contratas, S.A. held on 30 November 2009 to approve the convertibility of the bonds into shares of the Company passed the following resolutions:

I) Pursuant to Article 414 of the Consolidated Spanish Limited Liability Companies Law, to increase share capital by the amount required to attend to requests by the holders of the bonds to convert them, up to an initially envisaged maximum of EUR 12 million, but subject to possible amendments in accordance with the provisions of the "Issue Agreement".

II) To approve a buyback programme of the Company's treasury shares for the sole purpose of meeting the obligations to deliver treasury shares resulting from the bond issue and capital reduction of the Company mentioned in the following paragraph.

III) To reduce the share capital by means of the retirement of the shares purchased under the buyback programme mentioned above or of the treasury shares already held, including for such purposes the treasury shares made available through a loan to the underwriters of the transaction. This capital reduction may be for a maximum nominal amount equivalent to the number of new shares issued by the Company to meet the requests to exchange the bonds.

In relation to the Company's treasury share buyback programme, it should be noted that, due to the existing treasury share position and the number of shares required to cover the possible conversion or exchange of the bonds, equivalent to 9.11% of the share capital, there is no dilution risk for the current shareholders arising from the bond issue.

At 31 December 2011 the number of loaned securities was 1,144,605 (31 December 2010: 1,313,322 shares).

It should also be noted in relation to this transaction that the Company has a trigger call option that allows it to call the bonds under certain circumstances (see Note 12).

g) Valuation adjustments

The valuation adjustments relating to hedges are disclosed in Note 12, "Derivative financial instruments", and those relating to available-for-sale financial assets are disclosed in Note 9, "Non-current and current financial assets".

h) Grants

The accompanying balance sheet includes grants received amounting to EUR 6,627 thousand (31 December 2010: EUR 6,594 thousand), net of the tax effect, with EUR 4,729 thousand having been taken to income (31 December 2010: EUR 4,335 thousand), of which EUR 549 thousand related to 2011 (31 December 2010: EUR 512 thousand). The above amount relates mainly to grants received by the joint ventures through which the Company jointly performs contracts.

14. SHARE-BASED PAYMENT TRANSACTIONS

In accordance with a decision by the Board of Directors of 29 July 2008, Fomento de Construcciones y Contratas, S.A. has a remuneration plan in force for the executive directors and executives which is linked to the value of the Company's shares. The participants in the plan receive a cash amount equivalent to the difference between the value of the shares at the date of exercise and at the reference date set in the plan.

The main features of the plan, which is divided into two tranches, are as follows:

First tranche

- Commencement date: 1 October 2008.
- Exercise period: from 1 October 2011 to 1 October 2013.
- Number of shares: 1,800,000 shares, of which 700,000 correspond to executive directors and senior executives (12 persons) and the remaining 1,100,000 to other executives (43 persons).
- The option exercise price is EUR 34.22 per share.

Second tranche

- Commencement date: 6 February 2009.
- Exercise period: from 6 February 2012 to 5 February 2014.
- Number of shares: 1,500,000 shares, of which 147,500 correspond to executive directors and senior executives (12 persons) and the remaining 1,352,500 to other executives (225 persons).
- The option exercise price is EUR 24.71 per share.

In accordance with applicable regulations, the Company calculates the present value of the amount to be settled at the end of the plan, and recognises the corresponding provision on a systematic basis with a charge to "Staff Costs" throughout the term of the plan. At each reporting date, the present value of the obligation is re-estimated and any difference with respect to the carrying amount recognised previously is taken to the income statement for the year.

At 31 December 2011, EUR 2,323 thousand in staff costs (the same amount as in 2010), net of the hedges indicated in the following paragraph, had accrued in relation to the obligations to employees, while the provision recognised in the accompanying financial statements amounted to EUR 2,054 thousand (2010: EUR 1,439 thousand).

In order to hedge the risk of a rise in the share price, the Company has arranged with financial institutions a call option and a put option for each of the tranches described above, together with an interest rate/dividend swap with the same exercise price, nominal amount and maturity as the plan. The treasury shares linked to this hedge were delivered to the aforementioned financial institutions. These treasury shares were delivered by Asesoría Financiera y de Gestión, S.A., which is wholly owned by Fomento de Construcciones y Contratas, S.A.

With respect to the hedge, only the call option qualifies as a cash-flow hedge and, accordingly, the changes in the fair value thereof are recognised in equity under "Valuation Adjustments" in the accompanying balance sheet, while the put option and the interest rate/dividend swap do not qualify for hedge accounting and, therefore, the changes in their fair value are taken to the income statement.

The impact on equity and on the income statement of the aforementioned derivative financial instruments at 31 December 2011 and 2010 is disclosed in Note 12 to these financial statements

Lastly, it should be noted in relation to the first tranche that no options were exercised within the exercise period relating to 2011 and, accordingly, no amounts were settled.

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15. NON CURRENT PROVISIONS

The changes in 2011 were as follows:

	Litigation	Guarantees and obligations	Other provisions	Total
Balance at 31/12/09	**65,963**	**44,539**	**97,425**	**207,927**
Charge for the year	2,226	11,400	100,636	114,262
Amounts used	(667)	(3,178)	(2,509)	(6,354)
Reversals	—	(1,345)	(35)	(1,380)
Transfers	—	56	(56)	—
Balance at 31/12/10	**67,522**	**51,472**	**195,461**	**314,455**
Charge for the year	22,194	25,166	53,101	100,461
Amounts used	—	(2,604)	(2,006)	(4,610)
Reversals	—	(14,816)	(722)	(15,538)
Transfers	(457)	—	457	—
Balance at 31/12/11	89,259	59,218	246,291	394,768

Provisions for litigation

Provisions for litigation cover the contingencies of the Company acting as defendant in certain proceedings in relation to the liability inherent to the business activities carried on by it.

Provisions for guarantees and obligations

Provisions for guarantees and obligations include the provisions to cover the expenses arising from contractual and legal obligations of a non-environmental nature.

Other provisions

"Other Provisions" include the items not included under the foregoing headings, such as provisions to cover environmental contingencies, risks inherent to the business and international expansion, activities at concessions and the Company's obligations in relation to share-based payment transactions (see Note 14), inter alia.

16. NON-CURRENT AND CURRENT PAYABLES

"Non-Current Payables" and "Current Payables" include the following:

	Non-current	Current
2011		
Debt instruments and other marketable securities	428,548	4,888
Bank borrowings		
Limited recourse borrowings	9,975	226,297
Unlimited recourse borrowings	1,991,695	1,925,129
Obligations under finance leases	14,163	25,637
Derivatives (Note 12)	105,146	888
Other financial liabilities	7,523	80,728
	2,557,050	**2,263,567**
2010		
Debt instruments and other marketable securities	422,204	4,888
Bank borrowings		
Limited recourse borrowings	225,543	10,271
Unlimited recourse borrowings	3,244,624	446,154
Obligations under finance leases	27,936	38,697
Derivatives (Note 12)	99,293	—
Other financial liabilities	7,485	110,410
	4,027,085	**610,420**

The detail, by maturity, of "Non-Current Payables" is as follows:

	Maturity 2013	2014	2015	2016	2017 and subsequent year
Debt instruments and other marketable securities	—	428,548	—	—	—
Limited recourse borrowings	1,100	1,100	1,100	—	6,675
Unlimited recourse borrowings	1,217,338	762,276	5,301	6,780	—
Obligations under finance leases	4,482	5,782	2,000	1,166	733
Derivatives	59,541	44,146	—	—	1,459
Other financial liabilities	74	175	65	98	7,111
	1,282,535	1,242,027	8,466	8,044	15,978

a) Debt instruments and other marketable securities

On 30 October 2009, the Company launched an issue of subordinated convertible bonds amounting to EUR 450,000. This issue was intended for international institutional investors. The purpose of the issue was to strengthen the balance sheet equity structure due to the fact that the bonds are subordinate to the corporate loans arranged by the Company, and to diversify the Company's financing base, by supplementing the bank financing.

In accordance with applicable accounting regulations, in addition to their financial component, the convertible bonds have another component that is recognised in equity as described in Note 13-f to these financial statements. Note 13-f also describes the terms of the convertible bond issue. The balance recognised in this connection at 31 December 2011 under "Debt Instruments and Other Marketable Securities" in the accompanying balance sheet amounts to EUR 433,436 thousand (31 December 2010: EUR 427,092 thousand).

b) Bank borrowings

The short-term and long-term credit limit granted to the Company by the banks amounts to EUR 4,099,422 thousand (31 December 2010: EUR 4,115,893 thousand), EUR 182,598 thousand of which had been drawn down at 31 December 2011 (31 December 2010: EUR 425,115 thousand).

The main characteristics of the most significant non-current and current bank borrowings arranged by the Company in 2011 are as follows:

- On 11 August 2011 the Company entered into a syndicated loan to finance part of the 2011 investment plan for EUR 120,000 thousand which matures in three years (11 August 2014). The participating institutions are ICO, BBVA and Santander. The first repayment of 20% falls due in 2013 and the rest upon maturity.
- To optimise the FCC Group's treasury share position, on 15 April 2011, Fomento de Construcciones y Contratas, S.A. executed a transaction with Societé Generale on 6,165,000 treasury shares held by the wholly owned subsidiary, Asesoría Financiera y de Gestión, S.A. without losing control thereof, in order to obtain EUR 127,920 thousand in liquidity. This transaction, with an initial maturity date of 14 October 2011, was renewed and the original terms and conditions were amended. EUR 32,930 thousand of the debt was repaid and at 31 December 2011, the outstanding debt in relation to this transaction amounted to EUR 95,036 thousand. On 16 January 2012 it was renewed once again with a maturity date of 16 April 2012 under the same terms and conditions as those in force at the end of 2011.

The credit facilities and loans arranged by the Company in prior years and maintained in 2011 include notably the following:

- On 30 July 2010, the Company renewed the syndicated loan for EUR 1,225,000 thousand, which was entered into in 2008 and matured on 8 May 2011, under a forward start arrangement. The loan matures in three years (8 May 2014) with repayment of 50% in 2013. It consists of three tranches: two loans of EUR 735,000 thousand and EUR 62,000 thousand and a credit facility of EUR 490,000 thousand. Therefore, the total amount of the new transaction entered into totals EUR 1,287,000 thousand and at 31 December 2011 it had been drawn down in full.
- On 23 October 2009 the Company arranged a credit facility of EUR 175,000 thousand with the European Investment Bank (EIB) which

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matures on 6 November 2012 and may be extended to 2015. The stipulated price is 3-month Euribor plus a fixed spread. The loan was granted to finance and develop certain environmental investments.

- On 29 April 2009, the Company arranged a syndicated loan of EUR 375,000 thousand in which 12 banks participated. On 4 and 27 of May the loan was extended to a total of EUR 451,000 thousand, divided into two tranches. The first, a loan of EUR 225,500 thousand and the second, a credit facility of EUR 225,500 thousand, both repayable in one payment on 28 April 2012, and bearing interest at Euribor plus a spread established on the basis of the FCC Group's debt ratio as per the financial statements for each year. This loan had been drawn down in full at 31 December 2011.
- On 18 December 2009, the Company arranged long-term limited recourse financing of EUR 247,500 thousand which matures in 2024 and bears interest at Euribor plus a spread stipulated in the agreement. This loan is secured by a mortgage on the Torre Picasso building under the terms and conditions indicated in Note 7 to these financial statements and had been repaid prior to the formal preparation of these financial statements.
- A long-term syndicated financing facility of EUR 800,000 thousand arranged by the Company on 19 July 2007 and maturing on 19 July 2012, with the possibility of an extension until 2014. The agreement is divided into two tranches: the first is a long-term credit of EUR 280,000 thousand, 50% of which had been repaid at 31 December 2011 and the second is a long-term credit of EUR 520,000 thousand. The established price comprises the reference rate (Euribor) plus a spread based on the variation in the net financial debt/EBITDA ratio of the FCC Group.
- A syndicated loan entered into by the Company on 25 January 2007. The loan replaced the bridge loan of EUR 1,030,000 thousand arranged in 2006 as part of the recourse financing for the acquisition of the UK Company Waste Recycling Group Ltd and its corporate group. The loan is structured in two tranches: the first for an initial amount of EUR 819,700 thousand and the second for GBP 200,000 thousand. Both tranches mature in December 2013 and are being repaid in half-yearly instalments amounting to 4,615% of the initial loan principal, and the remaining 40,005% is repaid at final maturity. The interest rate on the euro tranche is Euribor plus a spread calculated on the basis of the variation in the net financial debt/EBITDA ratio of the FCC Group. The interest rate applicable to the tranche in sterling is Libor and the spread is the same as that detailed for the tranche in euros. This syndicated loan has associated derivative instruments (see Note 12).

With regard to the Company's financing, it should be noted that certain ratios must be met concerning coverage of borrowing costs and levels of net debt in relation to EBITDA. All the ratios established were being met at year-end.

Senior management of the FCC Group expects to bring the refinancing processes of the financial debt maturing in 2012, which are described in the preceding paragraphs, to a successful conclusion.

c) Other current financial liabilities

Other current financial liabilities include mainly the interim dividend out of 2011 profit, which amounted to EUR 80,616 thousand (31 December 2010: EUR 88,746 thousand), as indicated in Note 3 to these financial statements.

17. TRADE AND OTHER NON-CURRENT AND CURRENT PAYABLES

a) Accounts payable to public authorities. Deferred payments

"Trade and Other Non-Current Payables" and "Sundry Accounts Payable" under "Trade and Other Payables" include the deferred payments of certain taxes and social security contributions, authorised by the Large Taxpayers Central Office of the State Tax Agency and the Social Security General Treasury, respectively, due to the delay in collection from public customers. The deferred amounts are payable monthly up to a maximum of four years at an interest rate of 5%.

The detail of the aforementioned deferred payments is as follows:

	2011
Trade and other non-current payables	67,600
Sundry accounts payable	63,406
	131,006

b) Deferral of payment to suppliers in commercial transactions

In relation to the resolution issued by the Spanish Accounting and Audit Institute (ICAC) on 29 December 2010 implementing Law 15/2010, of 5 July, on combating late payment in commercial transactions, it should be noted with respect to 2011 that in Spain the Company operates mainly with public customers such as the state, autonomous communities, local corporations and other public bodies which take considerably longer to settle their payment obligations than the periods established in public sector contract legislation and in Law 3/2004, of 29 December, on combating late payment. The resulting effects can be seen under "Changes in Working Capital" in the accompanying statement of cash flows.

Due to this situation, in order to adapt the Company's financial policy to reasonable levels of efficiency, the usual payment periods to the suppliers in the sectors in which the Company operates were maintained throughout 2011, which has offset in part the negative change in working capital mentioned above. In accordance with the resolutions issued by the ICAC and Transitional Provision Two of Law 15/2010, of 5 July, which establishes an applicable schedule of maximum payment periods, at 31 December 2011, it should be noted that the average payment period to suppliers, which is within the maximum period under the law, is 85 days for commercial transactions.

The Company's supplier payment policy described above is also supported by the provisions of Article 9 of Law 3/2004, which does not consider "deferral due to objective reasons" to be abusive (which is the serious delay in payment by the public authorities described above), taking into consideration deferrals arranged by mutual agreement with the suppliers of the usual payment period in the business sectors in which the Company operates. In any case, the Company acknowledges and pays suppliers, always by mutual agreement, the late-payment interest agreed in the agreements and provides those suppliers who request them, negotiable payment methods associated with actions for collection of a bill of exchange, and the discount costs, if any, are borne by the Company. Such agreements are also allowed under Directive 2011/7/EU of the European Parliament and of the Council of 16 February and are expressly provided for in the recent Consolidated Public Sector Contracts Law.

In compliance with the aforementioned ICAC resolution, the following table shows the payments made and the outstanding payments to suppliers.

PAYMENTS MADE AND OUTSTANDING PAYMENTS AT THE REPORTING DATE		
	2011	
	Amount	%
Within the maximum payment period	169,694	57
Other	127,181	43
Total payments made in the year	**296,875**	**100**
Weighted average period of late payment	**76 days**	
Payments at year-end not made in the maximum payment period	51,256	

In 2010, in compliance with Transitional Provision Two of the aforementioned resolution, it was disclosed that the balance payable to suppliers at the end of that year totalled EUR 89,571 thousand. It was also indicated that the aforementioned Law 15/2010 entered into force on 5 July 2010 and, accordingly, applied to the agreements signed after that date and because of the period of time that normally elapses between the signing, the delivery of the goods or service and the maximum payment periods valid during the transitional period of application of the Law, there were no balances past due to highlight at the Company that exceeded the maximum limits established in the legislation in force.

18. INFORMATION ON THE NATURE AND RISKS OF FINANCIAL INSTRUMENTS

The financial risk management of the Group of which Fomento de Construcciones y Contratas is the Parent is centralised in its Financial Department, which has established the mechanisms required to control exposure to interest rate and exchange rate fluctuations and credit and liquidity risk.

The concept of financial risk refers to the changes in the financial instruments arranged by the Company as a result of political, market and other factors and the repercussion thereof on the financial statements.

The FCC Group's risk management philosophy is consistent with its business strategy and seeks to achieve maximum efficiency and solvency at all times. To this end, strict financial risk management and control criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred in the Group's operations, and the risk policy has been integrated into the Group organisation in the appropriate manner.

In line with this risk policy, the hedges are arranged to hedge the underlying transaction and not for speculative purposes.

The main financial risks affecting the Company are as follows:

Capital risk management

The Company manages its capital to ensure the profitability of its businesses while maximising shareholders' returns.

The cost of capital and the associated risks of each investment project are analysed by the Operational Areas and the Finance Division and are subsequently approved or rejected by the corresponding committee or by the Board of Directors. Other functional areas may also provide reports if so required.

One of the objectives of this investment analysis, in addition to the habitual objectives (profitability, return period, risk assumed, strategic and market valuation), is to monitor very closely the net debt/EBITDA ratio at a reasonable level and within the range negotiated with banks.

Financial management, which is responsible for the management of financial risks, periodically reviews the debt-equity ratio and compliance with the financing covenants and the capital structure of the subsidiaries.

Interest rate risk

In order to ensure a position that is in the Company's best interest, an interest rate risk management policy is actively implemented based on the on-going monitoring of markets and assuming different positions based primarily on the asset financed.

Given the nature of the Company's activities, closely linked to inflation, its financial policy consists of ensuring that both its current financial assets, which to a large extent provide natural hedging for its current financial liabilities, and the Company's debt are partially tied to floating interest rates.

Even so, the Company performed interest rate hedging transactions in 2011, ending the year with various hedging instruments of varying maturities on 66.89% of the total net debt.

Complying with the policy of classifying original instruments as hedges, the Company has arranged interest rate hedges, mainly swaps (IRSs) in which the Company pays a fixed rate and receives a floating rate.

Foreign currency risk

A noteworthy consequence of the positioning of the FCC Group, to which the Company belongs, in international markets is the exposure resulting from net positions in foreign currencies against the euro or in one foreign currency against another when the investment and financing of an activity cannot be made in the same currency.

The Company's general policy is to mitigate, as far as possible, the adverse effect on its financial statements of exposure to foreign currencies, with regard to both transactional and purely equity-related changes. The Company therefore manages the effect that foreign currency risk can have on the balance sheet and the income statement.

The Company and the Group actively manage the foreign currency risk by arranging financial transactions in the same currency as that in which the related asset is denominated, i.e. efforts are made, at all times, to obtain in local currency the financing required for the local activity of the company in the country of origin of the investment, with a view to creating a natural hedge or a matching of the cash flows generated to the financing. However, there are occasions when, due to the weakness of the currency of the country of origin of the investment, this is not possible because long-term financing cannot be obtained in that currency. In this case, financing will be obtained either in euros or in the most closely correlated foreign currency.

Solvency risk

The most relevant ratio for the purposes of measuring solvency and debt repayment capacity is net debt/EBITDA. The Company's ratios are reasonable and fulfil the conditions negotiated with banks.

Liquidity risk

The Company is present in various markets in order to facilitate the obtainment of financing and to mitigate liquidity risk.

Despite the adverse situation that affected the financial markets throughout 2011, the Company has remained adequately positioned and has anticipated any potential adversity by paying close attention to the evolution of the factors that may help to resolve liquidity difficulties in the future and to the various sources of financing and their characteristics.

To ensure adequate management of this risk, the Company closely monitors the maturities of all the credit lines and financing so that they can be renewed in sufficient time and on the best terms offered by the market, analyses the suitability of the financing on a case-by-case basis and studies alternatives with more favourable terms, where necessary.

In order to diversify its liquidity risk, the Company operates with over 130 Spanish and international financial institutions.

Credit risk

The provision of services or the acceptance of orders from customers, whose financial solvency cannot be guaranteed at the time of acceptance, is not known or cannot be assessed by the Company, together with situations that may arise during the provision of a service or execution of an order that could affect the customer's financial position could result in the risk of non-payment of the amounts owed.

Fomento de Construcciones y Contratas, S.A. requests commercial reports and assesses the financial solvency of its customers before entering into agreements with them and also engages in on-going monitoring of customers, and has a procedure in place to be followed in the event of insolvency. In the case of public customers, the Company follows the policy of not accepting projects without an allocated budget and financial approval.

2011 saw the materialisation of the risk relating to the delay in collection from certain public customers for the provision of urban environmental services due to the economic crisis which has affected the financial equilibrium of public customers. Permanent monitoring and control committees have been established to minimise the volume of assets generated and thereby reduce the financial cost assumed and prevent it from increasing in the future.

Credit risk can also be due to counterparty breach of a financial asset, equivalents or derivatives contract. To manage this risk, the Company restricts the use of these contracts to cases where the counterparties are credit institutions with proven creditworthiness and solvency. These contracts are also arranged with a large number of institutions, thereby diversifying the risk.

Concentration risk

This risk arises from the concentration of financing transactions with common features such as:

- Sources of financing: the Company and the FCC Group obtain financing from a large number of Spanish and international banks.
- Markets: the Company operates basically in the domestic market and, therefore, the debt is concentrated mainly in euros.
- Products: the Company arranges a broad spectrum of financial products, including loans, credit facilities, debt instruments, syndicated transactions and discounting facilities.

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Sensitivity analysis

In relation to the sensitivity test on derivatives and net debt, the amounts obtained in relation to the derivatives in force at year-end with an impact on equity are shown below (in thousands of euros). In this respect, in view of the possible instability of the financial market, the sensitivity test was performed using, on the one hand, three upward scenarios of the interest rate curve at 31 December 2011, assuming an increase in the curve of 50 bp, 100 bp and 125 bp and, on the other hand, a downwards scenario of the interest rate curve with a fall of 100 bp, 75 bp and 50 bp.

Derivatives	-100 bp	-75 bp	-50 bp	+50 bp	+100 bp	+125 bp
Impact on equity	(27,950)	(25,190)	(17,620)	17,350	34,510	42,960

As in the case of derivatives, a table is shown below summarising the effect that the aforementioned upwards and downwards changes in the interest rate curve and in the interest rates on the net debt, after excluding any hedged debt, would have on the Company's income statement:

Net debt	-100 bp	-75 bp	-50 bp	+50 bp	+100 bp	+125 bp
Impact on the income statement	(15,520)	(11,640)	(7,760)	7,760	15,520	19,400

19. DEFERRED TAXES AND TAX MATTERS

a) Tax receivables and payables

The detail of the tax receivables and payables is as follows:

a.1) Tax receivables

	2011	2010
Non-current		
Deferred tax assets	112,611	92,873
	112,611	92,873
Current		
Current tax assets	78	747
Other accounts receivable from public authorities	10,062	4,030
	10,140	4,777

"Deferred Tax Assets" includes basically the temporary differences arising from the provisions and expenses recognised for accounting purposes that will be tax deductible in subsequent years, the deferral of losses contributed by joint ventures which will be included in the tax base for the following year and the temporary differences arising from the measurement of the derivative liabilities.

a.2) Tax payables

	2011	2010
Non-current		
Deferred tax liabilities	130,509	127,574
	130,509	**127,574**
Current		
Current tax liabilities	22,195	80,042
Other accounts payable to public authorities:	67,372	40,198
Tax withholdings payable	9,817	9,510
VAT and other indirect taxes payable	17,849	8,043
Accrued social security taxes payable	18,525	18,053
Other	21,181	4,592
	89,567	**120,240**

"Deferred Tax Liabilities" includes mainly the deferral of the depreciation charge relating to the non-current assets held under leases and that relating to investments in property, plant and equipment subject to accelerated depreciation pursuant to Law 4/2008, in addition to the deferral of the profits contributed by joint ventures which are included in the tax base for the following year.

b) Reconciliation of the accounting profit to the taxable profit

The reconciliation of the accounting profit to the taxable profit for income tax purposes is as follows:

	2011			2010		
Accounting profit for the year before tax			**248,323**			**211,045**
	Increase	**Decrease**		**Increase**	**Decrease**	
Permanent differences	93	(70,848)	(70,755)	97	(1,697)	(1,600)
Adjusted accounting profit			177,568			209,445
Temporary differences						
- Arising in the year	78,463	(78,036)	427	82,654	(55,675)	26,979
- Arising in prior years	71,381	(28,371)	43,010	45,797	(1,952)	43,845
Taxable profit			**221,005**			**280,269**

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The permanent differences relating to 2011 shown in the foregoing table include notably those arising from the monetary adjustment of EUR 58,227 thousand to determine the tax relief on the gains on the sale of the Torre Picasso building.

The changes in deferred tax assets and liabilities in 2011 and 2010 were as follows:

	Deferred tax assets	Deferred tax liabilities
Temporary taxable differences		
Balance at 31/12/09	**54,827**	**103,325**
Arising in the year	24,796	16,703
Arising in prior years	(586)	(13,739)
Other adjustments	(1,445)	(4,044)
Balance at 31/12/10	**77,592**	**102,245**
Arising in the year	23,539	23,411
Arising in prior years	(8,511)	(21,414)
Other adjustments	(462)	650
Balance at 31/12/11	**92,158**	**104,892**
Temporary differences arising in the balance sheet		
Balance at 31/12/09	**13,469**	**25,915**
Arising in the year	1,812	(586)
Balance at 31/12/10	**15,281**	**25,329**
Arising in the year	5,172	288
Balance at 31/12/11	**20,453**	**25,617**
Total at 31/12/11	112,611	130,509

c) Tax recognised in equity

At 31 December 2011 the tax recognised in equity related basically to the change in value of the Company's hedging instruments amounting to EUR 18,269 thousand (31 December 2010: EUR 13,383 thousand).

d) Reconciliation of accounting profit to the income tax expense

The reconciliation of the accounting profit to the income tax expense is as follows:

	2011	2010
Adjusted accounting profit	177,568	209,445
Income tax charge (30%)	53,270	62,834
Tax credit for intra-Group double taxation	(34,757)	(76,759)
Reinvestment tax credit	(9,987)	(126)
Other tax credits and tax relief	(824)	(3,509)
Other adjustments	4,797	28,571
Income tax expense	12,499	11,011

Of note in 2011 was the application of the tax credit for reinvestment of extraordinary income resulting from the sale of the Torre Picasso building (see Note 7). The tax credit was applied to income totalling EUR 81,700 thousand. The investment will be made in 2010-2014 in assets included among those provided for in Article 42 of Royal Decree-Law 4/2004, which will be held for the legally stipulated time periods.

The income tax expense relates in full to continuing operations.

e) Tax loss and tax credit carryforwards

At year-end the Company did not have any tax loss or tax credit carryforwards.

f) Years open for review and tax audits

Fomento de Construcciones y Contratas, S.A. has all the years not yet statute-barred open for review by the tax authorities for the taxes applicable to it. The criteria that the tax authorities might adopt in relation to the years open for review could give rise to contingent tax liabilities which cannot be objectively quantified. However, the Group's senior executives consider that any resulting liabilities would not significantly affect the Company's equity.

With respect to the years audited, it should be noted that the Company has been issued tax assessments in the last four years relating mainly to income tax and has filed the corresponding appeals, unless it has signed assessments on an uncontested basis. The income tax deficiency relating to the appealed assessments amounts to

EUR 43,210 thousand, EUR 25,160 thousand of which relate to the tax assessments for 1991 to 1994. A judgment has not yet been handed down by the Supreme Court on the corresponding appeal filed by the Company. All of the tax assessments have been provided for.

To comply with the legal requirements concerning transfer pricing, the Company has established the necessary procedures to support its transfer prices and considers that there are no significant risks that they could give rise to any contingent liabilities.

g) Other tax disclosures

Under authorisation 18/89, Fomento de Construcciones y Contratas, S.A. files consolidated income tax returns with all the other Group companies that meet the requirements established by tax legislation.

20. GUARANTEE COMMITMENTS TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

At 31 December 2011, Fomento de Construcciones y Contratas, S.A. had provided guarantees amounting to EUR 608,407 thousand (31 December 2010: EUR 616,135 thousand) to government agencies and private-sector customers, mainly as performance bonds for services provided under urban cleaning contracts.

At year-end the Company had also provided guarantees to third parties for certain Group companies amounting to EUR 725,892 thousand (31 December 2010: EUR 518,007 thousand).

Fomento de Construcciones y Contratas, S.A. and the joint ventures in which it has interests are acting as defendants in lawsuits in relation to the liability inherent to the various business activities carried on by the Company in the performance of the contracts awarded, for which the related provisions have been recognised (see Notes 15 and 4-j). Accordingly, any resulting liabilities would not have a significant effect on the Company's equity.

21. INCOME AND EXPENSES

The net revenue and the income from sales and services include the dividends and the accrued interest on the financing granted to investees. Of the Company's total revenue, EUR 120,098 thousand were generated abroad, due specifically to the construction of Line 1 of the Panama City metro (see Note 2). The rest of the revenue was earned almost entirely in Spain.

Of the total revenue, EUR 209,629 thousand (31 December 2010: EUR 203,896 thousand) relate to contracts jointly managed through joint ventures.

The interest earned on the financing granted to investees (see Note 10) includes notably that relating to FCC Construcción, S.A. amounting to EUR 43,814 thousand (31 December 2010: EUR 33,748 thousand), to Azincourt Investment, S.L., amounting to EUR 34,309 thousand (31 December 2010: EUR 32,931 thousand), and to FCC Energía, S.A. amounting to EUR 16,831 thousand (31 December 2010: EUR 12,447 thousand).

Operating income included notably, on the one hand, the billings for costs charged to the tenants of the Torre Picasso in proportion to related interest (see Note 7), which amounted to EUR 7,249 thousand (31 December 2010: EUR 7,184 thousand) and, on the other hand, the transactions with Group companies and associates performed by the Company in relation to work and services amounting to EUR 69,020 thousand (31 December 2010: EUR 65,705 thousand). These include most notably EUR 27,450 thousand (31 December 2010: EUR 24,601 thousand) billed to FCC Construcción, S.A., which is wholly owned by the Company.

The operating expenses include EUR 69,800 thousand recognised under "Other Current Operating Expenses", with a balancing entry under "Long-Term Provisions" (see Note 15) in relation to lawsuits, guarantees and obligations, environmental risks and other (31 December 2010: EUR 60,400 thousand relating to international expansion). In addition, the Company also acquired services and purchased consumables from Group companies and associates amounting to EUR 29,355 thousand (31 December 2010: EUR 29,060 thousand).

22. RELATED PARTY TRANSACTIONS AND BALANCES

a) Related party transactions

The detail of the transactions with related parties in 2011 and 2010 is as follows:

	Group companies	Joint ventures	Associates
2011			
Services	64,990	3,847	183
Services received	29,128	227	—
Dividends	115,959	4,534	307
Financial expenses	16,920	130	—
Financial income	113,774	2,415	13
2010			
Services	61,111	3,955	639
Services received	28,542	161	357
Dividends	255,371	1,252	361
Financial expenses	7,213	42	—
Financial income	96,305	2,356	—

b) Related party balances

The detail of the related party balances at 31 December 2011 is as follows:

	Group companies	Joint ventures	Associates
2011			
Current financial assets (Note 10)	1,338,468	58,648	2,555
Non-current financial assets (Note 10)	3,546,917	650,160	10,413
Current payables (Note 10)	731,132	17,398	—
Trade receivables	42,145	5,246	94
Trade payables	19,354	282	41
2010			
Current financial assets (Note 10)	1,163,816	1,333	2,913
Non-current financial assets (Note 10)	3,467,129	701,737	15,714
Current payables (Note 10)	481,086	17,270	1
Trade receivables	53,646	3,987	110
Trade payables	17,121	223	44

The detail of the trade receivables from and payables to Group companies and associates is as follows:

Company	2011 Receivable	2011 Payable	2010 Receivable	2010 Payable
Aqualia Gestión Integral del Agua, S.A.	10,606	1,497	10,241	1,306
FCC Construcción, S.A.	4,006	2,051	13,864	1,250
Conservación y Sistemas, S.A.	5,086	970	8,656	1,196
Limpieza e Higiene de Cartagena, S.A.	4,427	—	5,392	—
Empr. Mixta M.A. Rincón de la Victoria, S.A.	2,296	158	1,395	158
FCC Medio Ambiente, S.A.	2,121	1,125	2,813	1,108
Tirme, S.A.	1,581	9	1,528	16
Gandia Serveis Urbans, S.A.	1,452	2	—	—
FCC Ámbito, S.A.	1,411	—	2,006	378
Emp. Municipal Desarrollo Sost. De Ubeda, S.A.	1,236	—	976	—
Ingeniería Urbana, S.A.	1,195	—	1,073	—
FCC Versia, S.A.	947	214	974	137
Sistemas y Vehículos de Alta Tecnología, S.A.	57	418	80	1,047

Company	2011 Receivable	2011 Payable	2010 Receivable	2010 Payable
Tratamiento Industrial de Aguas, S.A.	53	4,668	53	4,544
Per Gestora Inmobiliaria, S.L.	22	3,332	—	2,456
Other	10,989	5,233	8,692	3,792
	47,485	19,677	57,743	17,388

c) Remuneration of the directors of the Company and senior executives of the FCC Group

The bylaw stipulated emoluments for members of the Board of Directors of Fomento de Construcciones y Contratas, S.A. amounted to EUR 1,974 thousand in 2011 (31 December 2010: EUR 1,937 thousand).

The executive directors of Fomento de Construcciones y Contratas, S.A. earned the following amounts (in thousands of euros):

	2011	2010
Fixed remuneration	3,778	3,724
Variable remuneration	888	1,639
	4,666	5,363

The senior executives listed below, who are not members of the Board of Directors, earned total remuneration of EUR 6,951 thousand in 2011 (2010: EUR 6,668 thousand).

2011 and 2010	
José Luís de la Torre Sánchez	Chairman of FCC Servicios
Miguel Hernanz Sanjuan	General Internal Audit Manager
Dieter Kiefer	Chairman and CEO of Cementos Portland Valderrivas
José Mayor Oreja	Chairman of FCC Construcción, S.A.
Victor Pastor Fernández	General Finance Manager
Antonio Gómez Ciria	General Administration and Information Technologies Manager
Eduardo González Gómez	General Innovation and Sustainability Manager
José Manuel Velasco Guardado	General Communication and Corporate Responsibility Manager
Francisco Martín Monteagudo	General Human Resources Manager

An insurance policy was taken out and a premium was paid to cover payments arising from contingencies relating to death, permanent disability benefits, retirement bonuses and other items in relation to certain executive directors and directors of Fomento de Construcciones y Contratas, S.A. (see Note 4-l).

Except as indicated in the foregoing paragraphs, no other remuneration, advances, loans or guarantees have been granted to the directors and there are no pension or life insurance obligations to former or current directors.

d) Detail of investments in companies engaging in similar activities and performance of similar activities by the directors or persons related to them as independent professionals or as employees

In relation to the investments held by the directors of Fomento de Construcciones y Contratas, S.A., or persons related to them, in the share capital of companies outside the FCC Group; or in relation to whether they, as independent professionals or as employees, engage in a similar or complementary activity to that which constitutes the company object of the Group; or in relation to whether they themselves or a person acting on their behalf have performed, with the Company or with any company of the same Group, other transactions outside the course of the Company's ordinary business operations or in conditions that were not on an arm´s-length basis; it should be mentioned that the aforementioned directors have stated that they or persons related to them:

- Do not carry on, as independent professionals or as employees, any activity that is, similar or complementary to the activity that constitutes the Company's object.
- Do not own any investments in the share capital of companies engaging in an activity that is, similar or complementary to the activity that constitutes the company object of Fomento de Construcciones y Contratas, S.A.

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- Had not performed, with the Company or any company of the same Group, other transactions outside the course of the Company's ordinary business operations, or in conditions that were not on an arm's length basis.

The foregoing does not include the director B-1998, S.L. which has notified that its representative, Esther Koplowitz Romero de Juseu is also a member of the Board of Directors of Veolia Environnement, S.A. Henri Proglio is also a member of the Board of Directors of Veolia Environnement, S.A. and Chairman of Electricité de France (EDF).

The detail of the directors who hold positions at companies in which Fomento de Construcciones y Contratas, S.A. holds a direct or indirect ownership interest is as follows:

Name or company name of director	Group company name	Position
CARTERA DEVA, S.A.	CEMENTOS PORTLAND VALDERRIVAS, S.A. REALIA BUSINESS, S.A.	DIRECTOR DIRECTOR
EAC INVERSIONES CORPORATIVAS, S.L.	CEMENTOS PORTLAND VALDERRIVAS, S.A. FCC CONSTRUCCIÓN, S.A. REALIA BUSINESS, S.A.	DIRECTOR DIRECTOR DIRECTOR
MR. FERNANDO FALCÓ FERNÁNDEZ DE CÓRDOVA	FCC CONSTRUCCIÓN, S.A. WASTE RECYCLING GROUP LIMITED REALIA BUSINESS, S.A.	DIRECTOR DIRECTOR DIRECTOR
MR. RAFAEL MONTES SÁNCHEZ	FCC CONSTRUCCIÓN, S.A. CEMENTOS PORTLAND VALDERRIVAS, S.A. ALPINE HOLDING GMBH REALIA BUSINESS, S.A.	DIRECTOR DIRECTOR DIRECTOR DIRECTOR
MR. JUAN CASTELLS MASANA	WASTE RECYCLING GROUP LIMITED CEMENTOS PORTLAND VALDERRIVAS, S.A. ALPINE HOLDING GMBH	DIRECTOR DIRECTOR DIRECTOR
MR. BALDOMERO FALCONES JAQUOTOT	FCC ENERGÍA, S.A. Unipersonal FCC POWER GENERATION, S.L. Unipersonal	CHAIRMAN CHAIRMAN
MR. FELIPE B. GARCÍA PÉREZ	FCC ENERGÍA, S.A. Unipersonal FCC ENVIRONMENTAL LLC. FCC POWER GENERATION, S.L. Unipersonal	DIRECTOR DIRECTOR DIRECTOR
MR. JAVIER RIBAS	FCC ENVIRONMENTAL LLC. ALPINE HOLDING GMBH	DIRECTOR DIRECTOR

These directors hold positions or discharge functions and/or hold ownership interests of less than 0.01% in all cases in other FCC Group companies in which Fomento de Construcciones y Contratas, S.A. directly or indirectly holds a majority of the voting power.

23. INFORMATION ON THE ENVIRONMENT

As indicated in Note 1, by its very nature, the Company's Services line of business is geared towards environmental protection and conservation, not only through the production activity itself (waste collection, operation and control of landfills, sewer cleaning, treatment and elimination of industrial waste, wastewater treatment, etc.), but also as a result of performing these activities using production techniques and systems designed to reduce environmental impact in accordance with the limits established in the relevant legislation.

The performance of production activities described above requires the use of specialised structures, plant and machinery that are efficient in terms of environmental protection and conservation. At 31 December 2011, the acquisition cost of the non-current assets assigned to the above activity totalled EUR 1,125,887 thousand (31 December 2010: EUR 1,071,384 thousand), with accumulated depreciation amounting to EUR 621,914 thousand (31 December 2010: EUR 574,048 thousand).

Company management considers that any possible contingencies in relation to the protection and improvement of the environment at 31 December 2011 would not have a material impact on the accompanying financial statements.

As indicated in Note 1, Fomento de Construcciones y Contratas, S.A. is the parent of the FCC Group which operates various business lines and, due to the nature thereof, pays particular attention to controlling the impact on the environment. These matters are discussed in detail in the Group's Corporate Social Responsibility report, which is published annually on FCC's website, www.fcc.es, among other channels, and provides the reader with more representative information than that included in this Note.

24. OTHER DISCLOSURES

a) Employees

The average number of employees at the Company in 2011 and 2010 was as follows:

	2011	2010
Managers and university graduates	433	418
Other qualified line personnel	355	323
Clerical and similar staff	930	911
Other salaried employees	24,838	25,866
	26,556	27,518

At 31 December 2011, the number of employees, directors and senior executives of the Company, by gender, was as follows:

	Men	Women	Total
2011			
Directors	13	5	18
Senior executives	7	—	7
Managers and university graduates	307	118	425
Other qualified line personnel	292	73	365
Clerical and similar staff	449	480	929
Other salaried employees	18,471	5,703	24,174
	19,539	6,379	25,918

	Men	Women	Total
2010			
Directors	14	5	19
Senior executives	7	—	7
Managers and university graduates	310	118	428
Other qualified line personnel	266	63	329
Clerical and similar staff	443	470	913
Other salaried employees	19,301	5,569	24,870
	20,341	6,225	26,566

b) Fees paid to auditors

"Outside Services" in the accompanying income statement includes the fees of EUR 212 thousand (31 December 2010: the same amount) for financial audit services and of EUR 15 thousand for other services rendered to the Company.

25. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Company (see Note 2). Certain accounting practices applied by the Company that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

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APPENDIX I GROUP COMPANIES

Company	Carrying amount		% of ownership	Dividends received	Share capital	Reserves	Other equity items	2011 Profit (Loss)	
	Assets	Impairment						From operations	From continuing operations
AEBA, Ambiente y Ecología de Buenos Aires, S.A. Tucumán, 1321 - 3ª - Buenos Aires - Argentina -Urban cleaning-	834	763	Direct 50.00 Indirect 2.50	—	1,000 (ARS)(*)	1,189 (ARS)(*)	—	(1,747) (ARS)(*)	(1,095) (ARS)(*)
Alpine Bau GmbH Alte Bundesstrasse, 10 Wals Siezenheim - Salzburg (Austria) -Construction -	22,000	—	Direct — Indirect 89.65	—	5,927	352,302	—	(12,187)	7,577
Alpine Holding GmbH Reichenhallerstrasse, 7 - Salzburg (Austria) -Construction -	10,500	—	Direct — Indirect 86.50	—	109	42,037	—	(244)	3,857
Aqualia Gestión Integral del Agua, S.A. Federico Salmón, 13 - Madrid -Water management-	254,768	—	Direct 99.99 Indirect 0.01	42,500	145,000	268,436	8,645	91,174	58,083
Armigesa, S.A. Pza. Constitución, s/n - Armilla (Granada) -Urban cleaning-	612	—	51.00	83	1,200	11	—	256	164
A.S.A. Abfall Service AG Hans-Hruschka-Gasse, 9 - Himberg (Austria) -Urban cleaning-	226,784	—	Direct 99.98 Indirect 0.02	—	5,000	56,869	—	(7,968)	(852)
Asesoría Financiera y de Gestión, S.A.- Federico Salmón, 13 - Madrid -Financial services	3,008	—	Direct 43.84 Indirect 56.16	—	6,843	400,916	—	18,767	102,265
Azincourt Investment, S.L. Unipersonal Federico Salmón, 13 - Madrid -Holding company-	3	3	100.00	—	3	(325,855)	(19,463)	2,322	(2,250)
Cementos Portland Valderrivas, S.A. Estella, 6 - Pamplona -Cement-	298,638	—	Direct 59.30 Indirect 12.23	—	56,896	1,168,480	(599)	65,523	(31,655)
Compañía Auxiliar de Agencia y Mediación, S.A. Unipersonal Federico Salmón, 13 - Madrid -Holding company-	1,657	—	100.00	—	61	13,101	—	218	2,471
Compañía General de Servicios Empresariales, S.A. Unipersonal Federico Salmón, 13 - Madrid -Corporate vehicle-	60	—	100.00	2	60	17	—	2	1
Corporación Española de Servicios, S.A. Federico Salmón, 13 - Madrid -Corporate vehicle-	44	—	Direct 99.99 Indirect 0.01	1	60	16	—	2	1
Corporación Financiera Hispánica, S.A. Federico Salmón, 13 - Madrid -Holding company-	69,818	—	Direct 99.99 Indirect 0.01	—	58,393	353,003	—	7,478	6,313

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Company	Carrying amount		% of ownership	Dividends received	Share capital	Reserves	Other equity items	2011 Profit (Loss)	
	Assets	Impairment						From operations	From continuing operations
Dédalo Patrimonial, S.L. Unipersonal Federico Salmón, 13 - Madrid -Holding company-	61	61	100.00	—	61	289	86	(27)	(1,757)
Ecoparque Mancomunidad del Este, S.A. Federico Salmón, 13 - Madrid -Urban cleaning-	16,803	—	Direct 99.99 Indirect 0.01	—	16,805	2,493	—	1,403	1,382
Egypt Environmental Services SAE Cairo - Egypt -Urban cleaning-	7,760	2,665	Direct 97.00 Indirect 3.00	1,543	36,400 (EGP)(*)	(969) (EGP)(*)	—	12,995 (EGP)(*)	7,859 (EGP)(*)
Empresa Comarcal de Serveis Mediambientals del Baix Penedés - ECOBP, S.L. Plaza del Centre, 3 - El Vendrell (Tarragona) -Urban cleaning-	200	—	66.60	83	540	61	—	417	251
Empresa Municipal de Desarrollo Sostenible Ambiental de Úbeda, S.L. Pza. Vázquez Molina, s/n - Úbeda (Jaén) -Urban cleaning-	720	—	90.00	—	800	450	—	438	256
Europea de Gestión, S.A. Unipersonal Federico Salmón, 13 - Madrid -Corporate vehicle-	63	—	100.00	2	60	22	—	4	3
FCC Construcción, S.A. Balmes, 36 - Barcelona -Construction-	525,551	—	Direct 99.99 Indirect 0.01	70,000	180,000	531,651	—	170,574	108,762
FCC Construcciones y Contratas Internacional, S.L. Unipersonal Federico Salmón, 13 - Madrid -Corporate vehicle-	3	—	100.00	—	3	—	—	—	—
FCC Fomento de Obras y Construcciones, S.L. Unipersonal Federico Salmón, 13 - Madrid -Corporate vehicle-	3	—	100.00	—	3	—	—	—	—
FCC Inmobiliaria Conycon, S.L. Unipersonal Federico Salmón, 13 - Madrid -Corporate vehicle-	3	—	100.00	—	3	—	—	—	—
FCC International, B.V. Amsteldijk, 166 - Amsterdam (Netherlands) -Holding company-	49,910	—	100.00	5	40,840	—	—	(28)	5
FCC Medio Ambiente, S.A. Federico Salmón, 13 - Madrid -Urban cleaning-	35,102	—	Direct 98.98 Indirect 1.02	—	43,272	154,042	424	45,234	33,433
FCC Power Generation, S.L. Unipersonal Federico Salmón, 13 - Madrid -Energy -	3	—	100.00	—	3	—	—	—	—

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Company	Carrying amount		% of ownership	Dividends received	Share capital	Reserves	Other equity items	2011 Profit (Loss)	
	Assets	Impairment						From operations	From continuing operations
FCC Versia, S.A. Federico Salmón, 13 - Madrid -Management company-	62,625	—	Direct 99.99 Indirect 0.01	—	40,337	156,923	—	8,812	37,789
FCC 1, S.L. Unipersonal Federico Salmón, 13 - Madrid -Corporate vehicle-	3	—	100.00	—	3	—	—	—	—
F-C y C, S.L. Unipersonal Federico Salmón, 13 - Madrid -Corporate vehicle-	3	—	100.00	—	3	—	—	—	—
Fedemés, S.L. Federico Salmón, 13 - Madrid -Real Estate-	10,764	—	Direct 92.67 Indirect 7.33	1,088	10,301	16,816	—	31,171	24,468
Gandia Serveis Urbans, S.A. LLanterners, 6 - Gandía (Valencia) -Urban cleaning -	78	—	65.00	—	120	—	—	1,190	325
Limpiezas Urbanas de Mallorca, S.A. Fusters, 18 - Manacor (Islas Baleares) -Urban cleaning-	5,097	—	Direct 99.92 Indirect 0.08	—	308	2,455	—	885	553
Per Gestora Inmobiliaria, S.L. Pza. Pablo Ruiz Picasso, s/n - Madrid -Property management and administration-	69	—	Direct 99.00 Indirect 1.00	—	60	29	—	46	32
Saisei Renovable, S.L. Unipersonal Federico Salmón, 13 - Madrid -Energy -	6,503	—	100.00	—	5,503	—	—	—	—
Serveis Municipals de Neteja de Girona, S.A. Pl. del Vi, 1 - Girona -Urban cleaning -	45	—	75.00	—	60	—	—	—	—
Societat Municipal Medioambiental d'Igualada, S.L. Pl. del Ajuntament, 1 - Igualada (Barcelona) -Urban cleaning -	870	—	65.91	—	1,320	—	—	63	35
Tratamientos y Recuperaciones Industriales, S.A. Anglí, 31 - Barcelona -Waste treatment-	21,455	—	Direct 74.92 Indirect 0.08	652	72	8,088	—	859	802
Valoración y Tratamiento de Residuos Urbanos, S.A. Riu Magre, 6 - Pol. Ind. Patada del Cid -Quart de Poblet (Valencia) -Waste treatment-	2,500	—	80.00	—	3,125	(45)	—	(173)	(90)
TOTAL	1,634,920	3,492		115,959					

(*) (ARS): Argentinian peso, (EGP): Egyptian pound.

NOTE:

- Of the companies shown above, only Cementos Portland Valderrivas, S.A. is a listed company and its market price at the balance sheet date was EUR 6.81. The average market price in the last quarter of 2011 was EUR 8.91.

- As required by Article 155 of the Consolidated Spanish Limited Liability Companies Law, in 2011 the Company made the related notifications to the companies in which it had acquired direct or indirect holdings of over 10%.

APPENDIX II JOINT VENTURES

	% of ownership
ABASTECIMIENTO VILLALÓN	20.00
AGUAS TOMELLOSO	20.00
AIGÜES DE LLEIDA	50.00
ALMEDA	51.00
AMPLIACIÓ LIXIVITATS	20.00
AQUALBAL	20.00
AQUALIA - FCC - MYASA	20.00
AQUALIA - FCC - OVIEDO	5.00
AQUALIA - FCC SALAMANCA	5.00
AQUALIA - FCC - SAN VICENTE	20.00
AQUALIA - FCC VIGO	50.00
ARGÍ GUEÑES	70.00
ARUCAS II	70.00
ASEOS EMT	50.00
AZUD VILLAGONZALO	20.00
BARRIO CARMELITAS	20.00
BILBOKO LORATEGIAC	60.00
BILBOKO SANEAMENDU	50.00
BILBOKO SANEAMENDU B	50.00
BIOCOMPOST DE ÁLAVA	50.00
BOADILLA -	50.00
BOMBEO VALMOJADO	20.00
CAMÍ SA VORERA	20.00
CANA PUTXA	20.00
CANAL DEL ARAMO	20.00
CANDAS	20.00
CANGAS	50.00
CASTELLAR DEL VALLÈS	50.00
CASTELLAR POLÍGONOS	50.00
CEMENTERIOS PERIFÉRICOS II	50.00
CENTRO DEPORTIVO GRANADILLA DE ABONA	20.00
CENTRO DEPORTIVO VILLENA	80.00
CGR GUIPUZCOA	35.14
CHIPIONA	50.00
CIUTAT VELLA	50.00
CN III	45.00
COLEGIOS SANT QUIRZE	50.00
COMPLEJO DP. CABEZO DE TORRES	20.00
CONSERVACIÓN Y SISTEMAS	60.00
CONTENEDORES MÓSTOLES	30.00
CTR DE L'ALT EMPORDÀ	45.00
CTR-VALLES	20.00
CUENCA	20.00
CYCSA-EYSSA VIGO	50.00
DEIXALLERIES	20.00
DOS AGUAS	35.00
ECOPARQUE CÁCERES	50.00
ECOURENSE	50.00
EDAR ALMANSA	5.00
EDAR CUERVA	5.00
EDAR ELCHE	20.00
EDAR RANILLA	25.00
EDAR REINOSA	5.00
EDAR SAN VICENTE DE LA BARQUERA	5.00
ENERGÍA SOLAR ONDA	25.00
EXPL. PL. BIO LAS DEHESAS	50.00
F.L.F. LA PLANA	47.00
FANGOS IBIZA Y FORMENTERA	20.00
FCC - ACISA - AUDING	45.00
FCC - ANPE	80.00
FCC - ERS LOS PALACIOS	50.00
FCC - FCCMA ALCOY	20.00
FCC - FCCMA R.B.U. - L.V. JAVEA	20.00
FCC - FCCMA R.B.U. SAN JAVIER	20.00
FCC - FCCMA R.B.U TUDELA	20.00
FCC - FCCMA SEGRIÀ	20.00
FCC - FCCMA S.U. DENIA	20.00
FCC - HIJOS DE MORENO, S.A.	50.00
FCC - LUMSA	50.00
FCC - PALAFRUGELL	20.00
FCC - PAS SALAMANCA	70.00
FCC - PERICA	60.00
FCC - RAGA MAJADAHONDA	75.00
FCC - SUFI MAJADAHONDA	50.00
FCC - SUFI PESA	50.00
FCC - SYF PLAYAS	40.00
FCC - TEGNER	50.00
FCCSA - GIRSA	80.00
FCCSA - VIVERS CENTRE	50.00
FUENTES XÀTIVA	50.00

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	% of ownership
GESTIÓ DE RUNES DEL PAPIOL	40.00
GESTIÓN INSTALACIÓN III	34.99
GESTIÓN PISCINA DE MULA	20.00
GESTION SERVICIOS DEPORTES CATARROJA	99.50
GIREF	20.00
GIRSA - FCC	20.00
G. RESIDUOS AENA PALMA	100.00
GUADIANA	20.00
INTERIORES BILBAO	80.00
JARDINES MOGAN	51.00
JARDINES PROTECCIÓN ESPECIAL	50.00
JUNDIZ	51.00
KABIEZESGO KIROLDECIA	60.00
LA CANDA	30.00
LA LLOMA DEL BIRLET	80.00
LAS YUCAS	50.00
LEA - ARTIBAI	60.00
LEGIO VII	50.00
LEKEITIOKO MANTENIMENDUA	60.00
L.V. SAN SEBASTIÁN	20.00
L.V. Y RBU ARUCAS	70.00
LIMPIEZA BENICASSIM	35.00
LIMPIEZA CARRIL BUS	30.00
LIMPIEZA Y RSU LEZO	55.00
LOGROÑO LIMPIO	50.00
LOTES A Y B FUENLABRADA 2010	50.00
MANACOR	30.00
MANCOMUNIDAD DE ORBIGO	20.00
MANTENIMENT	100.00
MANTENIMENT REGIONAL DE CORNELLÁ	60.00
MANTENIMIENTO COLEGIOS BILBAO	60.00
MANTENIMIENTO COMISARÍAS	100.00
MANTENIMIENTO DE COLEGIOS II	60.00
MANTENIMIENTO DE EDIFICIOS	60.00
MANTENIMIENTO INSPECCION DE TRABAJO	100.00
MÉRIDA	10.00
MOLINA	5.00
MOLLERUSA	60.00
MONTCADA	50.00
MURO	20.00
MUSKIZ III	70.00
NAVE JUNDIZ	51.00
NIGRÁN	10.00
NIJAR	20.00

	% of ownership
ONDA EXPLOTACIÓN	33.33
PAMPLONA	80.00
PARQUES SINGULARES MÓSTOLES	50.00
PAVIMENTO ZONA I	50.00
PINTO	50.00
PISCINA CUBIERTA BENICARLO	65.00
PISCINA CUBIERTA C. DEP. ALBORAYA	99.00
PISCINA CUBIERTA MANISES	99.50
PISCINA CUBIERTA MUN. L'ELIANA	99.50
PISCINA CUBIERTA PAIPORTA	90.00
PISCINA MUNICIPAL ALBATERA	93.00
PLA D'URGELL	100.00
PLANTA BIOMETANIZACIÓN LAS DEHESAS	50.00
PLANTA DE TRATAMIENTOS VALLADOLID	60.00
PLANTA RSI TUDELA	60.00
PLAYAS GUIPUZKOA	55.00
UTE PONIENTE ALMERIENSE	50.00
POSU - FCC VILLALBA	50.00
POZUELO	20.00
PUENTE LADRILLO	20.00
PUERTO	50.00
PUERTO II	70.00
QUINTO CONTENEDOR	50.00
RBU VILLA-REAL	47.00
R.S. PONIENTE ALMERIENSE	50.00
REDONDELA	10.00
REFORMA PLAZA DEL CRISTO	20.00
REPARACIONES CASA CAMPO	100.00
REPOSTADOS ENTREVÍAS	50.00
RESIDENCIA	50.00
RIVAS	30.00
RSU TOLOSALDEA	60.00
S.U. BENICASSIM	35.00
S.U. BILBAO	70.00
SALTO DEL NEGRO	50.00
SAN FERNANDO	20.00
SANEAMIENTO URBANO CASTELLÓN	65.00
SANT QUIRZE	50.00
SANT QUIRZE DEL VALLÉS	50.00
SANTA COLOMA DE GRAMANET	61.00
SANTOMERA	60.00
SANTURTZIKO GARBIKETA	60.00
SANTURTZIKO GARBIKETA II	60.00
SASIETA	75.00

	% of ownership
SAV - FCC TRATAMIENTOS	35.00
SELECTIVA LAS PALMAS	55.00
SELECTIVA SAN MARCOS	65.00
SELECTIVA UROLA-KOSTA	60.00
SELLADO VERTEDERO LOGROÑO	50.00
SIMÓN HERNÁNDEZ	50.00
TABLADA	20.00
TANATORIO PATERNA	50.00
TIRVA FCC - FCCMA RUBÍ	20.00
TORREJÓN	25.00
TORRIBERA IV	50.00
TRANSPORTE DE BARRENA TXINGUDI	60.00
TRANSPORTE SAN MARCOS	80.00
TREMP	51.00
TÚNEL PUERTO ALGECIRAS	30.00
TÚNELES DE BARAJAS	25.00
TXINGUDI	75.00
TXINGUDICO GARBIKETA	73.00
URNIETA	20.00

	% of ownership
UROLA ERDIA	60.00
URRETXU Y ZUMARRAGA	65.00
VALDEMORO	100.00
VALDEMORO 2	100.00
VERTEDERO ARTIGAS	50.00
VERTEDERO GARDELEGUI II	70.00
VERTEDERO PINTO FASE II	50.00
VERTRESA	10.00
VIGO RECICLAJE	70.00
VILLALÓN DE CAMPOS	20.00
VINAROZ	50.00
VIVIENDAS MARGEN DERECHA	60.00
WTC ZARAGOZA	51.00
ZARAGOZA DELICIAS	51.00
ZARAUTZ	20.00
ZARAUZCO GARBIETA	60.00
ZONZAMAS FASE II	30.00
ZURITA	50.00

APPENDIX III ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

Company	Carrying amount		% of ownership	Dividends received	Share capital	Reserves	Other equity items	2011 Profit (Loss)	
	Assets	Net impairment losses						From operations	From continuing operations
Clavegueram de Barcelona, S.A. Acer, 16 - Barcelona -Urban cleaning-	733	—	20.33	97	3,606	3,921	—	506	398
Ecoparc del Besòs, S.A. Rambla Cataluña, 91-93 - Barcelona -Urban cleaning-	2,621	—	Direct 31.00 Indirect 18.00	—	7,710	(252)	22,814	5,240	1,968
Ecoserveis Urbans de Figueres, S.L. Pg. Empordà Internacional, Calle A, parcela 50 - Vilamalla (Girona) -Urban cleaning-	301	—	50.00	170	601	110	—	488	404
Empresa Mixta de Limpieza de la Villa de Torrox, S.A. Pz. de la Constitución, 1 - Torrox (Málaga) -Urban cleaning-	300	—	50.00	—	600	658	—	398	280
Empresa Mixta de Medio Ambiente de Rincón de la Victoria, S.A. Pz. Al Andalus, 1 - Rincón de la Victoria (Málaga) -Urban cleaning-	301	—	50.00	—	601	474	—	527	87

FINANCIAL STATEMENTS

Company	Carrying amount								2011 Profit (Loss)	
	Assets	Net impairment losses	% of ownership	Dividends received	Share capital	Reserves	Other equity items		From operations	From continuing operations
Gestión Integral de Residuos Sólidos, S.A. Santa Amalia, 2 - Valencia -Urban cleaning-	4,732	—	49.00	34	781	1,540	61		123	(27)
Globalvía Infraestructuras, S.A. Paseo de la Castellana, 141 (Edificio Cuzco) IV - Madrid -Infrastructure management-	529,570	—	50.00	—	957,274	128,286	—		(5,381)	(43,207)
Ingeniería Urbana, S.A. Saturno, 6 - Alicante -Urban cleaning-	3,786	—	35.00	909	6,064	5,980	—		3,312	2,013
Palacio de Exposiciones y Congresos de Granada, S.A. Ps del Violón, s/n - Granada -Equipment management-	255	—	50.00	—	510	—	—		—	—
Pallars Jussà Neteja i Serveis, S.A. Pau Casals, 14 - Tremp (Lleida) -Urban cleaning-	25	—	40.80	7	60	7	—		46	46
Proactiva Mrs. Juana E.S.P.S.A Calle 98 nº 9-03 of. 804 Ed. Torre Sancho Santa Fe de Bogotá (Colombia) -Urban cleaning-	284	284	Direct 23.75 Indirect 27.05	—	2,250,000 (COP)(*)	36,373 (COP)(*)	—		(2,963,259) (COP)(*)	(2,969,540) (COP)(*)
Proactiva Medio Ambiente, S.A. Cardenal Marcelo Spínola, 8 - Madrid -Urban cleaning-	119,542	75,300	50.00	3,393	56,250	11,488	—		1,874	8,582
Realia Business, S.A. Paseo de la Castellana, 216 - Madrid -Property development-	67,637	—	Direct 27.20 Indirect 2.98	—	66,570	471,766	(2,208)		(6,414)	(30,714)
Servicios Urbanos de Málaga, S.A. Ulises, 18 - Madrid -Urban cleaning-	1,610	—	51.00	231	3,156	486	—		546	546
Suministros de Agua de Queretaro S.A. de C.V. Santiago de Queretaro (Mexico) -Water management-	4,367	—	Direct 24.00 Indirect 2.75	—	347,214 (MXN)(*)	288,758 (MXN)(*)	—		63,406 (MXN)(*)	15,064 (MXN)(*)
TOTAL	736,064	75,584		4,841						

(*) (COP): Colombian peso, (MXN): Mexican peso.

NOTE :

- Of the companies shown above, only Realia Business, S.A. is a listed company and its market price at the balance sheet date was EUR 1.09. The average market price in the last quarter of 2011 was EUR 1.14.
- As required by Article 155 of the Consolidated Spanish Limited Liability Companies Law, in 2011 the Company made the related notifications to the companies in which it had acquired direct or indirect holdings of over 10%.

APPENDIX IV "REPORT OF THE BOARD OF DIRECTORS OF FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. FOR THE DISTRIBUTION OF AN INTERIM DIVIDEND IN 2011"

In accordance with Article 277 of the Consolidated Spanish Limited Liability Companies Law, which requires the Company's directors to present an accounting statement evidencing the existence of sufficient liquidity for the distribution of an interim dividend, it is hereby stated that:

1. The after-tax profit of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 October 2011 amounted to EUR 121,900 thousand.

2. The Company's after-tax cash flow in the first ten months of 2011 amounted to EUR 181,400 thousand.

3. The Company's cash and cash equivalents at 31 October 2011 amounted to EUR 117,600 thousand, evidencing the existence of sufficient funds for the distribution of the interim dividend.

Therefore, since at the date of this report there had been no material changes with respect to the foregoing data, the directors consider that there is sufficient liquidity for the distribution of an interim dividend of EUR 82,747 thousand out of 2011 profit.

The number of shares carrying the entitlement to an interim dividend is calculated by subtracting the treasury shares existing at the date of payment of the dividend from the 127,303,296 shares representing the total share capital.

Accordingly, it is proposed that the following interim dividend out of 2011 profit be approved:

Gross % of the par value of each share carrying dividend rights	65.0%
Gross interim dividend per share (EUR)	0,650

The legally required personal income tax or corporation tax withholdings, as appropriate, will be made from the gross interim dividend declared.

The members of the Board resolved unanimously:

1. To approve the report transcribed above; and

2. To distribute an interim dividend out of the profit for 2011 in the amount indicated in the report, which will be paid on 10 January 2012 and will be duly announced on a timely basis.

Madrid, 15 December 2011

MANAGEMENT REPORT

DIRECTOR'S REPORT

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AT DECEMBER 2011 (IN THOUSAND OF EUROS)

1. COMPANY ACTIVITIES, PERFORMANCE IN 2011 AND DIVIDENDS

The Company's core business is to provide general services, which include the collection and treatment of solid waste, the cleaning of public streets and sewer systems, the maintenance of green areas and buildings, water treatment and distribution and other complementary services. Occasionally, it also performs construction activities as a member of a consortium in Panama.

Fomento de Construcciones y Contratas, S.A. is the Parent of the FCC Group, which comprises a broad spectrum of subsidiaries that engage in activities such as construction, urban cleaning and integrated water cycle services, urban furniture, passenger transport, passenger and aircraft ground handling, logistics, cement, real estate, energy, infrastructure management, etc., and therefore the reader should refer to the consolidated report which provides more representative information of the financial highlights.

The economic and financial information included in this directors' report has been prepared in accordance with the Code of Commerce and the Consolidated Spanish Limited Liability Companies Law.

The figures below are expressed in millions of euros.

Company's performance in 2011

Major aggregates	2011	2010	Variation Absolute	Variation %
Revenue	1,691.5	1,681.0	10.5	0.6%
Profit form operations	444.1	409.4	34.7	8.5%
% Margin	26.3%	24.4%		
Financial loss	(195.7)	(198.4)	2.7	-1.4%
Profit before tax	248.3	211.0	37.3	17.7%
Net profit	235.8	200.0	35.8	17.9%
Distributable dividend per share (euros)	1.30	1.43		

Revenue in 2011 increased by 0.6% to reach EUR 1,691.5 million. This item includes the dividends received from the Company's subsidiaries, which amounted to EUR 120.8 million, whereas in 2010 they amounted to EUR 257.0 million.

Profit from operations amounted to EUR 444.1 million, up 8.5% from the EUR 409.4 million recognised in 2010.

Financial loss, at EUR 195.7 million, was 1.4% lower than the 2010 figure of EUR 198.4 million.

Net profit for the year amounted to EUR 235.8 million, up 17.9% from 2010.

Dividends

The Board of Directors proposes to distribute a final dividend of EUR 0.65, 65% of the par value of each of the outstanding shares at the date of payment, and to allocate the remainder to unrestricted reserves. Previously, on 10 January 2012 an interim dividend of EUR 0.65 per share was distributed, pursuant to a resolution of the Board of Directors dated 15 December 2011.

MANAGEMENT REPORT

2. TREASURY SHARE TRANSACTIONS

At 2011 year-end Fomento de Construcciones y Contratas, S.A. held 3,278,047 treasury shares, representing 2.57% of share capital, valued at EUR 90,975 thousand.

Also, at year-end Asesoría Financiera y de Gestión, S.A. (Afigesa), a company wholly-owned by the Parent Fomento de Construcciones y Contratas, S.A. held 9,418,830 shares of Fomento de Construcciones y Contratas, S.A., representing 7.4% of its share capital, with a carrying amount of EUR 255,048 thousand.

In accordance with Article 148-d of the Consolidated Spanish Limited Liability Companies Law, the changes in the number of shares during the year are detailed in the table below:

	FCC, S.A.	Asesoría Financiera y de Gestión ,S.A.	FCC Group
At 31 December 2010	**3,182,582**	**9,432,369**	**12,614,951**
Intra-Group acquisitions and sales	95,465	(95,465)	—
Acquisitions or additions	2,373,358	181,926	2,555,284
Sales or disposals	(2,373,358)	(100,000)	(2,473,358)
At 31 December 2011	3,278,047	9,418,830	12,696,877

3. RESEARCH AND DEVELOPMENT ACTIVITIES

With the aim of promoting a Group R&D&I strategy, an Innovation Committee was formed, to coordinate innovation within the FCC Group. Its main mission is to make the innovation activities compatible with the Company's strategy and to establish the lines of research. It enables seamless, ongoing communication among all the business areas, establishes the Group's general guidelines and objectives and pushes for the conversion of innovative ideas into end projects and developments which can set the FCC Group apart from its competitors.

In 2011, the **Department of Innovation Management**, which was created in 2010, continued to promote and coordinate the R&D&I activity at Group level, with the aim of achieving results that would hone the Group's competitive edge, achieve more sustainable development and maintain its vanguard position in services to the community.

In 2011 an **Innovation Portal** was started up for the FCC Group's internal communication. This portal is fed with information of general interest and details of the R&D&I projects being developed in the Group's various areas. The Group also prepared the documentation required to organise the Innvierte Economía Sostenible-2011 programme of the Spanish Centre for the Development of Industrial Technology (CDTI), which aims to encourage private industrial capital initiatives in the energy and environment industry, involving joint investment with public funds in SMEs engaged in technological and innovative businesses with a high potential for economic growth. With the approval of the CDTI, the necessary documentation was prepared to create a venture capital company to manage forthcoming investments in the framework of the project. An investment of EUR 21 million is expected within five years: FCC will contribute a maximum of EUR 12 million and CDTI will contribute EUR 9 million.

In order to implement an **R&D&I management system** at FCC S.A. in accordance with the UNE 166002:2006 standard, the Group prepared a management handbook and various procedures and forms to establish the basic guidelines and to systematize the R&D&I activity, and also began preparation of the FCC Group's biennial **R&D&I report**.

Among the **Corporate R&D&I** projects, the following must be highlighted:

- **IISIS Project – Integrated Research on Sustainable Islands:**
  The IISIS project, prepared to fit into the CDTI's Innpronta 2011 programme, was one of seven selected from among over 40 proposals. It is led by FCC S.A. through the Environment and Energy areas, with the participation of other Group areas such as Aqualia, FCC Construcción and Cementos Portland Valderrivas, together with various outside companies (Acerinox, Prainsa, etc.). It has a total budget of EUR 15,007,823 and its objective is to conduct advanced and ambitious research into sustainable property developments for the future, including:
  - Elements, materials, technologies and systems required to develop the building in a marine environment, without constituting a threat to the environment.
  - Self-sufficiency in every respect, achieved through all kinds of integrated facilities.
  - Advanced transport logistics and intelligent management and control systems.

- **Integrated HR Management Platform (INCORPORA):** The project consists of embarking on an action plan to implement advanced personnel management processes which encourage and promote development, communication and a healthy work environment, through the efficient management of specialised HR services, in the context of diversity and internationalisation.
- **International Project Management Model:** The FCC Construcción IT department, assisted by the corporate IT department, led the design and development of a new international business management model which re-utilises the technological platform for the economic, financial and management processes. This platform, which was developed over the past few years at national level, integrates the management processes specific to the Company's international subsidiary's business.
- **Intelligent Multisourcing System (SIM):** The working framework is defined for the design and development of an innovative IT service provision system based on the new capabilities and advantages offered by the concept of outsourcing and the corresponding transformation required.
- **New Integrated Corporate Management Capabilities (CAPACIDADES):** This is an IT department project of a transversal nature in which the support tools required for new processes defined within the platform were developed to expedite the work flow, thus reducing costs and improving the Company's overall performance.

In 2011 the business areas performed the following R&D&I activities:

ENVIRONMENTAL SERVICES

Work continued on the different research projects launched in prior years, mainly:

- **BIO+ Project:** With a view to making the urban waste treatment process more eco-efficient, a model is being developed to enable process monitoring on an industrial scale of the various biomethanation technologies. In conjunction with Aqualia, a pilot project was executed involving thermal hydrolysis prior to anaerobic digestion, to enhance biogas production, and to reduce and improve the quality of end waste.

The following projects were started up:

- **Plug-in electric hybrid flusher truck project (in the machinery section):** It consists of a 5 m^3 polyester flusher tank with a reduced width of 2.2 m mounted on an electric-hybrid chassis, rechargeable from the grid and capable of providing the service in solely electric mode. While in operation, the vehicle emits no polluting gases and a minimum level of noise.
- **Project involving the drying of treatment plant refuse** (in the waste treatment section)
- **Integrated service management software project:** Combination of the existing day-to-day service management programmes into a single integrated global tool.
- **System for inspecting and improving recyclable waste in household collections:** The company carries out periodic inspections of household waste collections on pre-established routes, using mobile devices to ascertain whether the municipal regulations are followed and waste is correctly separated. By analysing the results, the volume of recycled waste can be increased, privileged rates can be offered to citizens who recycle

and plans can be mapped out to organise awareness campaigns and reduce the cost of waste treatment.

- **Tools for communication management between service agents:** To improve the channel of communication between the various service agents, a tool has been designed to manage service requests and the capture of incidents, which reduces response time, eliminates administrative formalities and simplifies follow-up of the jobs. This development enables information to be captured through smart phones, and provides access to web-based management from anywhere, georeferencing of all the information and a state-of-the-art analytical platform.
- **Machinery activity monitoring platform:** Based on the possibilities of obtaining data on vehicle activity through sensors, control centre readings, individual signals, etc., work is being done on capture, telemetry, geopositioning, transmission, storage and standardisation, so that a more detailed analysis can be made of the machinery to optimise its use.
- **Built-in global communications management device:** Development of a built-in device for vehicles which combines the functions of voice communication, geopositioning, telemetry, data capture from sensors, control centre readings and introduction of service data. Its standard use in the Environmental Services area enables all the service information to be managed uniformly, regardless of the type of vehicle in which it is installed.
- **Service activity monitoring and geopositioning system:** Processes aimed at characterising the geographical scope of the services (inventories of containers, black spots, special action areas, proposed routes of action, etc.) and analysing the activity performed (locating vehicles, collections made, localised incidents, etc.).

WATER

R&D&I activities in this business area included notably the following:

1. **UNE 166002:2006 certification**. The "R&D&I Project Management System" certification, approved in December 2010, was audited by AENOR in November 2011, leading to the annual renewal of the certificate.
2. **R&D&I Aqualia Forum.** The purpose of this event, organised by the Department of Marketing and Communication, is to bring together the Company's various stakeholders and to incorporate their views into the corporate strategy. The next meeting, which will be held in 2012, will discuss the use of waste water as a source of bioenergy production. This forum will be attended by members of the industry's employers' organisation, government agency representatives and researchers in this area, in addition to Aqualia's representatives.
3. In 2011, in accordance with the company's strategic plan, the R&D activity for the obtainment of sustainable technologies was geared towards achieving the following **objectives**:
    a. **Quality** (supply of drinking water, re-utilisation of waste water, desalination and measurement)
    b. **Sustainability** (reduction of energy consumption, use of sludge as a resource and alternative treatments)
    c. **Integrated management** (management systems, capture of resources and communication)

Since the creation of the R&D&I department in 2008, 14 public-funded projects have been awarded, with an approved budget for Aqualia valued at EUR 14 million.

In 2011 the following projects were completed:

- **Rehabilitation technology for the elimination of nutrients (Ávila):** In this joint project with Bluewater Bio, the objective of complying with European waste discharge standards was achieved with an improvement in the operating cost.
- **Advanced sludge digestion (Loyola-San Sebastián):** In this joint project with local entities and Aguas del Añarbe, a new automatic digester control system was demonstrated.

In the meanwhile, work continued on the following projects:

- Membrane bioreactor (MBR) technology (Vigo): Joint project with the Universidad de Santiago de Compostela, with the objective of developing an energy-efficient water re-utilisation system using self-cleaning membranes.
- ELAN technology – autotrophic nitrogen removal (Vigo): Joint project being executed with the Universidades de Vigo and Santiago de Compostela, to install a return load treatment system in the purifiers, reducing energy costs.
- Microalgae pilot plant (Arcos de la Frontera): Joint project being executed with the Universidad de Cádiz, Iberdrola and Bio-Oil, to evaluate innovative bioreactors for photopurification and the production of energy from biomass.
- Sustainable recovery of sludge (Salamanca): Joint project with the Universidad de Salamanca, to develop a new digestion line to optimise the production of biogas and improve the end quality of the sludge, thus obtaining a very dry hygienic product. A part of the project is shared with FF MA (Bio+).
- Customer management tools to improve the capture and evaluation of the technical and economic processes of operation of the services, coordinated from Madrid with the participation of various areas of implementation:
  - Balanced Score Card
  - Customer Relationship Management

Also, in 2011 progress was made on the two large projects relating to bioenergy production through microalgae cultures used as waste water purification processes:

- ALL-GAS Project, included in the "Algae to Biofuel" initiative of the EU's Seventh Framework Programme. It began in May and is being implemented in Chiclana, with a final objective of 10 ha of cultures.
- CENIT VIDA Project presented within the CDTI's Strategic National Consortia for Technical Research programme, regarding the integrated recovery of algae. The first milestone was presented in September and the first pilot plants were built in Arcos.

In 2011 new funding was obtained for five projects:

- "Sustainable biofuel production from the advanced co-digestion of industrial waste and urban sludge" project, subsidised by the Basque Country's GAITEK programme.
- "Research into treatment, re-utilisation and control technologies for the future sustainability of water purification (ITACA)" project, integrated into the CDTI's INNPRONTA programme, to develop more sustainable technologies for the re-utilisation of energy and resources in urban effluents.
- "Optimisation of production and development of drying and storage of microalgae on a pre-industrial scale" project, within the Spanish Ministry for Science and Innovation's INNPACTO programme for the recovery of purification by-products.

INDUSTRIAL WASTE

With regard to activities at strategic points for the industry, the following are noteworthy:

1. Development of options for energy recovery from waste: A new project was launched to develop processes to optimise particle size and reduce moisture in waste scraps from paper mill pulpers. The purpose of the tests conducted is to manufacture a solid alternative fuel for use in cement factories.
2. Participation in the CDTI raw materials forum prior to the Coordination and Support Action which is to take place in 2012 and will cover the substitution of critical raw materials (CRW).
3. Participation in European consortia in 2011. In 2011 the Group participated in two European consortia in response to calls for strategic development projects within the EU's Seventh R&D Framework Programme; however the projects were ultimately not selected.

- REACSOIL-Reactive nanoparticles for soil and groundwater remediation.
- REBLADE-Recycling of wind turbine generator blades.

The following project was completed in 2011:

- **MARINEFUEL Project:** Its objective was to develop a new high value-added alternative fuel manufactured by regenerating used engine oil waste, intended for use in fishing fleet marine diesel engines. The results of the project were favourable, and no major differences were detected between marine fuel and traditional fossil fuels.

CONSTRUCTION

Noteworthy R&D&I activities in this area were as follows:

1. FCC Construcción participates in the European Construction Technology Platform (ECTP), in the E2BA Association (Energy Efficient Buildings Association), in the **ENCORD Group** (European Network of Construction Companies for Research and Development), in **reFINE** (Research for Future Infrastructure Networks in Europe) and in the **Spanish Construction Technology Platform** (PTEC). The aim of these organisations is to combine the efforts of research centres, industries and universities in all areas relating to research, development and technological innovation:

Among the projects carried out in 2011, the following should be highlighted:

On the one hand, work continued on the projects launched in prior years, such as:

- **RS Project:** Sustainable refurbishing of buildings.
- **OLIN Project:** Study of improved embankment and subgrade qualities and treatments to enable the construction of sustainable linear structures.
- **DAÑOS EN PUENTES Project:** Low-cost dynamic tests for the maintenance of bridges subjected to uncontrolled environmental loads, using wireless sensors.
- **BALI Project:** Acoustically efficient and healthy systems and buildings.
- **DEPOSITOS Project:** Design of a bitumen storage system modified with powdered end-of-life tyres (ELT) for plants manufacturing hot mix asphalts.
- **ECORASA Project:** Integrated use of construction and demolition waste arising from property development works inside the urban area and at the construction site itself, as a fill material for drainage ditches.
- **VITRASO Project:** Diagnosis and prediction of building construction noise transmission routes.
- **CEMESFERAS Project:** Research into the manufacture of glass microspheres with cementing properties.

On the other hand, the following new projects were launched in 2011:

- **SPIA Project:** New high visibility signage systems including a personal stand-alone luminous system.
- **PRECOIL Project:** New intelligent collective prevention systems in dynamic linear infrastructure environments.
- **NANOMICRO Project:** Based on nanomicrocements and their application in concrete wind towers.

VERSIA

1. Urban Furniture

Work continued on projects launched in prior years:

- **TEC-MUSA (sustainable and accessible urban mobility technologies):** Development, through a multidisciplinary consortium formed by companies, associations and research groups, of a range of technologies and their integration into vehicles for passenger and goods urban transport services, with zero or low emissions and advanced customer access and communication features.
- **EPISOL (electric vehicle powered by fuel cells and solar energy):**

Development of a light urban vehicle featuring hybrid electric propulsion with two motorisation versions: a heat engine in a first phase and a fuel cell in a more advanced phase, using solar panels in both cases. Each model of the vehicle has a system that enables the batteries to be charged from the electricity mains, so that they are fully charged at the start of each journey, greatly reducing the demands placed on the heat engine and/or fuel cell. In 2011 CEMUSA continued to work in conjunction with INSIA (the University Institute for Automotive Research of the Universidad Politécnica de Madrid) to develop this vehicle.

- C-CYCLES: Development of a complete unattended bicycle hire system which functions with smart cards, enables payment by credit card and incorporates an Internet point. The project responds to the need for sustainable urban mobility promoting multi-modal transport. There are plans to continue developing other features: electric bicycles, solar power.
- LED Lighting Projects: The company is working on a LED lighting project which aims to reduce energy consumption and, therefore, greenhouse gas emissions. Studies are being performed simultaneously in relation to the reduction of light pollution. Tests carried out in 2011 showed an average illumination of 700 lux and 85% savings in consumption versus fluorescent lighting. The company will continue to test the product to achieve surface illumination of 800 lux.
- Solar PV Projects: Development of a solar PV project which, together with LED lighting, will eliminate greenhouse gas emissions and in certain cases reduce network connection costs.
- Digital Advertising Projects: Implementation of digital advertising systems incorporating LCD screens and LED screens and, in both cases, the technology required for them to be viewed properly outdoors.
- WiFi EN PARADAS Project: Development of a bus stop WiFi system compatible with the system that could be built into the buses so that the user does not lose his connection and can continue his session when moving from bus stop to bus or vice versa.

The following project was started up in 2011:

2. Logistics

The projects in this area are as follows:

- CSLOG (SGA): In 2011 various modules were developed based on the SGA (warehouse management) system owned by FCC Logística, implementing the customers' different logistics requirements.
- C+D Project: A functionality was implemented in CSLOG for cross-docking with customers' stores. In 2011 the basic line was fully developed, a billing interface was added, as were enhanced goods distribution processes and a web layer for inquiries from customer stores regarding logistics information.
- "DIRECTOS" Project: Software developed with a view to optimising goods loading and shipment to the delivery point using geopositioning.
- CITA PREVIA: This is customised software for the management of the new customs activity "Puesto Inspección Fronteriza" (border control kiosk). It consists of providing support to the customs authorities during the container inspection process. An improvement made in 2011 connects the system to the automated gate at the Port of Valencia, allowing the free flow of vehicles.

3. Maintenance and Systems

This project in this area is as follows:

- PLATAFORMA TECNOLÓGICA AVANZA: This project, which is based on smart traffic monitoring mechanisms which can manage road control devices, offering users all the information obtained for their specific study and analysis, was expanded with various services required for the tunnel and shadow toll freeway projects. The major milestones reached in 2011 consisted of certain enhancements implemented in the VR1 Vialitoral and Autoestrada Tramontana roads in Portugal and in the Monrepós tunnels in Huesca. New processes are continuously being incorporated, which will significantly enhance the platform's efficiency and operations.

4. Airport Handling

The project in this area is as follows:

- Development of the Groundstar tool to optimise the planning and control of aeronautical processes. During a first stage of implementation at the Flightcare bases in Spain in 2011, the tool replaced the "handelnet" system and entailed a change in the billing tool in use. This new system, which is much more versatile than its predecessor, enables communications with other systems and incorporates resource management tools.

CEMENTOS PORTLAND VALDERRIVAS

In 2011 the R&D&I department was consolidated. In the meanwhile, the company continued to work on the three links of the same chain: research, development, and applications and innovation.

The Cementos Portland Valderrivas Group has continued to promote research into new higher value-added products and/or new markets. Over the past two years these efforts have borne fruit, culminating in the development of 11 new special cements with very competitive advantages in terms of faster setting time, resistance to harsh outdoor conditions, the much lower environmental impact of their manufacturing process and their ability to inertise certain pollutants. These products, due to their very specific qualities, could occupy new market niches because of their competitive nature. Many of the original developments were carried out at the Group's R&D&I laboratory at the Olazagutía factory.

In 2011 the R&D&I Department obtained government grants for the development of various cutting edge research projects, mainly in the area of new materials, which involved about 140 of the organization's employees (80 of them belonging to Cementos Portland Valderrivas, S.A., which leads many of the projects approved).

The applications of the new products and technical assistance in various projects in which they have been trialled formed another focus for the Group's activities in 2011 – mainly in relation to the use of microcements in the Pajares tunnels and Ultraval in the Ordicia tunnels, tests performed jointly with AENA and various preliminary studies conducted on contaminated soil conglomerates in Flix (Tarragona).

The Group also began work on the technological assessment of its new products and its forthcoming positioning for marketing its current product portfolio. To this end, it joined forces with a company which provides management, strategic consultancy and interim management services, and specialises in incorporating disruptive innovation into business models. The first stage began with the preparation of the technological packages of these products, the corresponding market studies and action plans.

All the foregoing initiatives have had significant indirect benefits, such as contacts with numerous companies in different business areas, universities, research centres and public agencies, which have positioned the Group as an R&D&I benchmark for the development and application of cement-based materials, enabling it to enter into agreements with other entities.

Other noteworthy initiatives carried out in 2011 were the **publication of the first R&D&I monographic document**, the organisation of the "**International Conference on Cement Chemistry**" and the **protection of intellectual property**, in connection with which the Group actively engaged in applying for possible patents.

Ultimately, the Group is aware that a commitment to innovation and radical change is the path to be followed; accordingly, in 2011 it began to develop an ambitious project, the objective of which is to convert the company into a dynamo of innovation at all levels ("**Promoting Innovation**").

Within the framework of this project and with the participation of over 70 executives, an initial diagnosis was made of the company's vision for innovation, and the required **Action Plan** was subsequently prepared to transform the organisation. This Plan consists of 23 projects which cover all the spheres of innovation, starting from vision and governance and going on to customer management and required resources, and will involve over 80 employees from all the areas. All these projects should be finalised in February so that they can be trialled and validated during the first half of 2012.

Knowledge management is the management of the intangible assets which generate value for the organisation, and is most essential in these times of crisis. This initiative, closely linked to innovation, was launched in 2011 with the performance of an initial diagnosis of the Group's perception of this area.

For this purpose a 40-hour **workshop** was held, attended by 14 employees of various corporate divisions, mostly representing all the organisation's businesses and areas. The workshop provided training on all the facets of knowledge management and an analysis was made of the Group's situation with regard to all these reference points. A detailed list was prepared of all the Group's strengths and weaknesses, which were prioritized by all the participants and subsequently evaluated by the Steering Committee to establish measures for improvement.

New Products and Markets were selected as a **pilot area** to create the first **Community of Practice**, since they constitute one of the Group's strategic pillars which can most rapidly generate value. Once implemented, the experience will be replicated in other areas of the organisation, creating new Communities of Practice until all the components of the organisation are involved within the medium term.

The salient projects which were under development or launched in 2011 were as follows:

- HORMIGÓN ULTRARRÁPIDO Project: The aim of this project is to develop a concrete which, immediately after being spread, acquires certain mechanical service properties. It could then be offered to the international community for use in repairs and construction in civil emergency/ protection services, for example prior to imminent catastrophes, for civil and industrial repairs which have high added value due to their urgency, and for military applications.
- ESCOMBRERAS Project: The aim of this project is to remove an historical waste disposal facility, restoring the environment to its initial state and re-utilising all the recovered materials.
- HORMIGONES POROSOS Project: The main objective is to develop a new range of multifunctional porous concretes which have high mechanical strength and greater resistance to surface wear and tear, are longer lasting and self-maintaining in terms of their porosity level and have better acoustic and heat insulation, with a view to obtaining new energy-efficient applications in the construction industry.
- MICROCEMENTOS Project: The objective is to develop a new range of microcements (TP-1) and biomicrocements with a maximum particle size of one micron. These microcements need to be developed for use in microinjections and as a microaddition in cements and concretes to improve their properties.
- CEMESFERAS Project: The objective is to develop and manufacture new products with cementing properties based on glass microspheres, so that they can be used as cement manufacturing components and significantly reduce greenhouse gas emissions. As and when the project is being executed the bases for standardisation of these products will have to be set.
- NANOMICRO Project: Led by Cementos Portland Valderrivas, with the participation of FCC Construcción. The main objective of this project is to develop a range of microcements which have a particle size of less than one micron and can withstand extreme weather conditions.
- FLOTTEK Project: It consists of studying the viability and development of a floating concrete structure to support a deep-water wind turbine, where seabed foundations are no longer viable. The platform must be sufficiently capable of floating and remaining stable to enable the wind turbine to function properly in the climate conditions of its location. This calls for concretes which are highly durable and physically very permeable and have a strong chemical resistance to chlorides and sulphates.
- MUGIELEC Project: The objective is to develop all the systems and equipment required to optimise power supply from various points of the grid for charging electric vehicles.
- SIGERAPI Project: The purpose of this project is to find a solution for noise management in the manufacturing industry, providing a tool which enables the production process to be integrated with prediction modules and which does not require the users to have an advanced knowledge of acoustics to use it or to interpret the results.
- SAGER Project: The project concerns bulk storage of electric power and its use. Its material objective is the design and manufacture of artificial concrete caverns with advanced mechanical characteristics obtained by developing new cements. The bulk storage energy system will be based on the development of two technologies designed to respond to the needs detected: Electrochemical storage system and CAES (compressed air energy storage in an artificial cavern).

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In 2011 the technology departments of FCC Construcción and the Cementos Portland Valderrivas Group collaborated on projects aimed at modernising and updating concrete paving technologies. In this connection, in 2011 a Manual of Recommendations was jointly published with the assistance of the Catalonian Department of Public Works and the Spanish Institute for Cement and its Applications (IECA), for the design and construction of double-layered road surfaces. Research was also conducted on the laying of compacted concrete paving, using traditional machinery to place the aggregate.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The concept of financial risk refers to the changes in the financial instruments arranged by the Group as a result of political, market and other factors and the repercussion thereof on the consolidated financial statements. The FCC Group’s risk management philosophy is consistent with its business strategy and seeks to achieve maximum efficiency and solvency at all times. To this end, strict financial risk management and control criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred in the Group’s operations, and the risk policy has been integrated into the Group organisation in the appropriate manner. In line with this risk policy, the FCC Group arranges hedges initially to hedge the underlying transaction and not for speculative purposes.

In order to ensure a position that is in the FCC Group’s best interest, an interest rate risk management policy is actively implemented based on the on-going monitoring of markets and assuming different positions based primarily on the asset financed. Given the nature of the Group's activities, closely linked to inflation, its financial policy consists of ensuring that both its current financial assets, which to a large extent provide natural hedging for its current financial liabilities, and the Group’s debt are partially tied to floating interest rates. Even so, the FCC Group performed interest rate hedging transactions using various hedging instruments of varying maturities. Complying with the policy of classifying original instruments as hedges, the FCC Group has arranged interest rate hedges, mainly swaps (IRSs) in which the Group companies pay a fixed rate and receive a floating rate.

A noteworthy consequence of the FCC Group’s positioning in international markets is the exposure resulting from net positions in foreign currencies against the euro or in one foreign currency against another when the investment and financing of an activity cannot be made in the same currency. The FCC Group's general policy is to mitigate, as far as possible, the adverse effect on its financial statements of exposure to foreign currencies, with regard to both transactional and purely equity-related changes. The FCC Group therefore manages the effect that foreign currency risk can have on the balance sheet and the income statement.

The Group actively manages its foreign currency risk by arranging financial transactions in the same currency as that in which the related asset is denominated, i.e. efforts are made, at all times, to obtain in local currency the financing required for the local activity of the company in the country of origin of the investment, with a view to creating a natural hedge or a matching of the cash flows to the financing. However, there are occasions when, due to the weakness of the currency of the country of origin of the investment, this is not possible because long-term financing cannot be obtained in that currency. In this case, financing will be obtained either in the currency of the consolidated group or in the most closely correlated foreign currency.

The FCC Group is present in various markets in order to facilitate the obtainment of financing and to mitigate liquidity risk. This risk results from the timing mismatches between the funds generated by the activities and the funds needed for the payment of debts, working capital etc. Despite the adverse situation that affected the financial markets throughout 2011, the FCC Group has remained adequately positioned and has anticipated any potential adversity by paying close attention to the evolution of the factors that may help to resolve liquidity difficulties in the future and to the various sources of financing and their characteristics.

The Group also strives to reduce credit risk as far as possible, is careful to ask for commercial reports and assesses the financial solvency of its customers before entering into agreements with them and also engages in on-going monitoring of customers, and has a procedure in place to be followed in the event of insolvency. In the case of public customers, the Group follows the policy of not accepting projects without an allocated budget and financial approval. The provision of services or the acceptance of orders from customers, whose financial solvency cannot be guaranteed at the time of acceptance, is not known or cannot be assessed by the Group, together with situations that may arise during the provision of a service or execution of an order that could affect the customer's financial position could result in the risk of non-payment of the amounts owed.

5. OUTLOOK FOR 2012

Set forth below are the prospects for 2012 for the various business areas composing the FCC Group. The construction and services backlog at 2011 year-end, which amounted to EUR 35,237.6 million, guarantees the continuation of a high level of activity over the coming years.

In the **Services** area, broadly speaking, business in Spain is likely to continue to suffer from the impact of the general economic crisis; however, current activities abroad are expected to be consolidated and to grow significantly.

The **Environmental Services** area reflects a general economic situation which has a direct effect on budgets and the financial situation of local municipal corporations, which has led city councils to request service reductions.

Also, the debt was arranged with maturity close to the year of provision of the services and the outlook for 2012 appears promising which, together with a foreseeable rise in interest rates, could affect finance costs.

However, the main contracts are expected to be maintained and other minor contracts to be renewed or extended.

Mention should be made of the positive effect expected for 2012 of the launch of the activity of certain waste treatment plants, such as those located in Valencia and Guipúzcoa.

In the **International** area, the slight upswing in 2011 in all the activities is expected to be consolidated. Among these is notably the improved functioning of the Allington incinerator in the UK, the soil decontamination project in the Czech Republic and new contracts in Bulgaria.

Also in the UK a significant investment plan was prepared, mainly in the area of new PFI projects, the recovery of materials and obtainment of energy from waste, which will contribute in the coming years to boosting revenue.

Business within the ASA Group is expected to expand, especially in Poland where the level of activity is expected to double in 2013, due to a legislative change which obliges all the municipalities to issue invitations to tender for refuse collection from 2012, and we therefore expect to provide this service to over 800,000 inhabitants.

In the **Industrial Waste** area in Spain, the last quarter of 2011 witnessed a slump in the prices of certain recovered materials (paper, cardboard, etc.), which sometimes dropped to 30% of their value in the preceding months. Also, due to the decline in Spanish manufacturing, the volume of waste being treated is falling steeply, a trend which is expected to continue in 2012 and which could affect the industry’s revenue. With regard to the Flix (Tarragona) reservoir decontamination project which was begun in 2010, the decontamination tasks as such are expected to begin around the third quarter, once the preparatory work is completed.

In the first quarter of 2012 the Group is expected to start up the plant for the recovery of foundry waste and its conversion into an iron and steel aggregate for Arcelor Mittal in Guipúzcoa. Also scheduled is the inauguration of the new controlled non-hazardous industrial waste depot in Castañeda (Cantabria) through the subsidiary IACAN, with an estimated annual intake of 170,000 tonnes of waste.

Additionally, the new end-of-life tyre recovery plants are fully operational in the Canary Islands, as is the plant that recovers waste

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for conversion into an alternative fuel for the cement industry in Castellbisbal (Cataluña).

With regard to foreign projects in the Industrial Waste area, in Italy a total of 150,000 tonnes of contaminated sludge is expected to be treated in Syracuse (Sicily). In Portugal, after a brilliant 2011, in which more than 160,000 tonnes of waste were treated at the Chamusca plant belonging to the subsidiary Ecodeal, new tenders are expected to be put out by the Portuguese Government, such as that for the remediation of various contaminated industrial sites in the Barreiros area.

In the US, the subsidiaries FCC Environmental and International Petroleum Corp. will foreseeably continue to expand their presence in the used oil collection and re-utilisation market. Also, in the third quarter an oil refinery plant construction project for Baltimore (Maryland) will be presented to the authorities concerned for approval. With regard to the subsidiary Apex/FCC, it should be mentioned that its presence in the gas- and oil-field waste business will increase. At 2011 year-end a mobile fracture water treatment plant was also incorporated and authorisation was requested for the construction of a new plant in South Texas.

In the **Water Management** area, the Group maintains its leadership position in the Spanish market as the first integrated cycle operator funded by Spanish capital. At the same time, it has continued to bolster its international presence, promoting the geographical diversification strategy initiated five years ago.

In 2012, with an economic crisis prevailing in Spain, household and industrial consumption is expected to remain flat, with very little activity in new property developments which would enable the scope of contracts to be expanded to new customers in areas already being served; however, tenders are expected to be put out by large municipalities which previously did not consider indirect management and which, in view of their financial situation, seek to balance their budgets with the award of their water services. At the same time, our presence in various regions already consolidated in the international market has mitigated the impact of the Spanish crisis and will continue do so, since we will take advantage of our presence in regulated markets which are gradually opening up to expert companies to resolve their historical problems of managing this resource.

In 2011 significant new contracts were obtained in the international market. Noteworthy among these is the network leak detection and repair contract for the city of Riyadh (Saudi Arabia); the water supply and treatment management contract for the city of Fundão (Portugal), which addresses an infrastructure renewal plan, the aim of which is to modernise the water distribution and treatment system in the Portuguese municipality, which is located near Serra da Estrela in the centre of the country and has a population of 32,177 inhabitants; the desalination plant engineering, supply, erection and start-up contract for La Minera Candelaria in Chile (80% owned by the US company Freeport and 20% by the Japanese company Sumitomo), which will supply drinking water to a population of approximately 175,000 inhabitants in the Northern region of Copiapó, near the Atacama desert; the waste water treatment plant construction contract for the Cutzamala municipality (Mexico); the pump station construction contract for Mexico City (Mexico); the contract for the construction of the country's largest water treatment plant in Niksic (Montenegro). Also mentionable is the start-up of the contracts for the exploitation, operation and maintenance of the Mostaganem and Cap d'Jinet desalination plants in Algeria.

In Spain, numerous contracts have been arranged, renewed and extended in various municipalities, among which the following are highlighted:

- Renewal of the integrated water cycle management contract in Ávila where Aqualia has been the operator since December 1988, providing service to 58,245 inhabitants
- Operation, upkeep and maintenance contract for 11 purification plants of the Baix Ebre regional council (Tarragona)
- Extension of the integrated water cycle management contract for the Adeje municipality (Santa Cruz de Tenerife)
- Renewal of the management contract in the Iscar municipality (Valladolid)
- Management of the supply and treatment service and the construction of a regulating reservoir for the LLagostera municipality (Gerona)
- Renewal of the purification and sewerage service for the Puerto de Santamaría municipality (Cádiz)

- Supply and treatment service contract for the Caspe municipality (Zaragoza), and upgrade of its drinking water plant
- Supply and treatment service contract for the Fraga municipality (Zaragoza)
- Supply and treatment contract for the Arico municipality (Tenerife)
- Algeciras waste water treatment plant management contract
- Integrated water management contract for the Baena municipality (Córdoba)
- Supply and treatment management contract for the Yepes municipality (Toledo)
- Supply and treatment management contract for the Islantilla municipality (Huelva)
- Renewal of the supply management contract for Guía de Isora (Tenerife)
- Supply and treatment management contract for the Yuncler municipality (Toledo)
- Purification service management contract for the Chipiona municipality (Cádiz)

At the beginning of 2012 the Services area backlog amounted to EUR 25,719 million, representing nearly seven years of production.

For 2012, the Versia area plans to divest itself of Airport Handling assets which, together with the sale in December 2011 of companies belonging to the Parking Lot section, would push revenue down as a result of the change in the scope of consolidation caused by these two measures, which are in keeping with the FCC Group's asset rotation policy.

By area, there are hopes that the New York Urban Furniture contract will be further consolidated and this, together with the obtainment of new contracts, will boost the volume of business in this area. Also, the launch of new Logistics contracts will lift sales slightly, softening the impact of the steady fall in consumer spending since the start of the crisis. The Maintenance and Systems area will suffer from the public sector investment containment policy.

In the Construction area, 2012 revenue in Spain is expected to be lower than that recognised in 2011, since there is a lull in residential building construction caused by the property market crisis and public sector budget restrictions which will affect the execution of civil engineering works.

To offset the weakness of the Spanish market, the companies composing the area are making a strong effort to expand their activities abroad. This measure will foreseeably drive foreign sales upwards in 2012 compared to 2011 levels.

The business abroad is carried on primarily in numerous Central and East European countries (through the Alpine group) and is rounded off by activities in the American market, where the Group is present through investees operating mainly in Central America and Mexico; FCC Construcción will also continue to develop the foreign business directly in Europe, Algeria and certain areas of the Middle East.

In the Energy area, in 2011 contacts were made and negotiations initiated to admit a shareholder of recognised prestige, interested in investing in the renewable energy section. An agreement was entered into with the Japanese multinational Mitsui & Co. Ltd., which will culminate in the formulation of a joint venture in which the FCC Group will hold a maximum ownership interest of 50% and be able to embark on the international expansion of this business area.

Given the direction of the activities underway, it is hoped that the area will be better placed financially to undertake new renewable energy projects. In this respect, it is of utmost interest to explore all the growth opportunities likely to arise in the energy area, either by acquiring ownership interests in new projects or by bidding for public-sector contracts for new power not only in Spain, but also in East European EU member countries and the US, since all these areas share the characteristic of the legal certainty required for medium-term investment commitments and their respective governments have expressed the wish to boost the development and promotion of renewable energies.

In the Cement area, it should be mentioned that at global level it has been unexpectedly difficult for the International Monetary Fund to remedy the structural problems faced by the advanced economies struck by the crisis, and even more complicated to formulate and execute reforms. While these economies are expected to expand steadily, growth will be weak and fitful. The outlook of emerging economies appears to be even more uncertain, although growth is

MANAGEMENT REPORT

more likely to be vigorous, especially in the economies which can counter the effect of a flagging foreign demand for the product by softening their policies. In the euro zone, leaving aside the major problems caused by financial turbulence, the situation is more diverse. Households in general appear to have fewer concerns than in the US, and there has been a much lower level of job destruction, except in the peripheral economies hit by the crisis, such as Spain. These economies face a major structural challenge which consists of adopting reforms which will enable them to recover and maintain their competitive edge more easily.

Against this backdrop, the macroeconomic projections of the Banco de España (January 2012) point to a substantial drop in Spanish GDP in 2012 (–1.5 %) and a modest recovery in 2013 (0.2 %), with positive rates from the first quarter of 2013, bringing the Spanish economy closer to its potential growth rate. This macroeconomic scenario is the result of a significant contraction in domestic demand, partially offset by a high contribution of the net foreign balance. In turn, the decline in domestic demand is the result of the combined effect of a steep fall in its public- and private-sector components, in a context in which household spending will be restricted due to the impact of tax consolidation on these agents' incomes, and by lower employment levels. Residential investment will continue to fall in 2012 and 2013, although not as sharply as in recent years, after overcoming its hardest phase of adjustment. Weak demand, poorer economic prospects and austere financial conditions will determine further decreases, albeit moderate, in private-sector spending on production over the next two years. Bearing in mind this panorama for 2012, the Company's sales forecasts are conditioned by the timetable for recovery in Spain. The Spanish market continues at historically low levels with a downward trend. Oficemen views very favourably the measures adopted by the Government to extend the VAT reduction for another year and to restore the first-time home buyer's tax credit. It is also confident that measures will shortly be put in place which will re-energise public works, the current situation of which is extremely worrying. In view of these prospects, a new plan is being worked out to adapt the Cement Group's structures to this reality.

AUDIT REPORT

Deloitte.

Deloitte, S.L.
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Torre Picasso
28020 Madrid
España

Tel.: +34 915 14 50 00
Fax: +34 915 14 51 80
www.deloitte.es

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 25). In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Shareholders of
FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.:

1. We have audited the financial statements of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A., which comprise the balance sheet at 31 December 2011 and the related income statement, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended. The directors are responsible for the preparation of the Company's financial statements in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2 to the accompanying financial statements) and, in particular, with the accounting principles and rules contained therein. Our responsibility is to express an opinion on the financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.

2. In our opinion, the accompanying financial statements for 2011 present fairly, in all material respects, the equity and financial position of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 December 2011, and the results of its operations and its cash flows for the year then ended, in conformity with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein.

3. Without qualifying our audit opinion, we draw attention to Note 10-a to the accompanying financial statements and the uncertainty relating to the refinancing of the bank borrowings of the Cementos Portland Valderrivas Group, which could have an impact on the accompanying financial statements. The directors expect the aforementioned refinancing process to be completed successfully in the first half of 2012, thereby allowing the debt servicing to be brought into line with the cement division's cash flow generation projections.

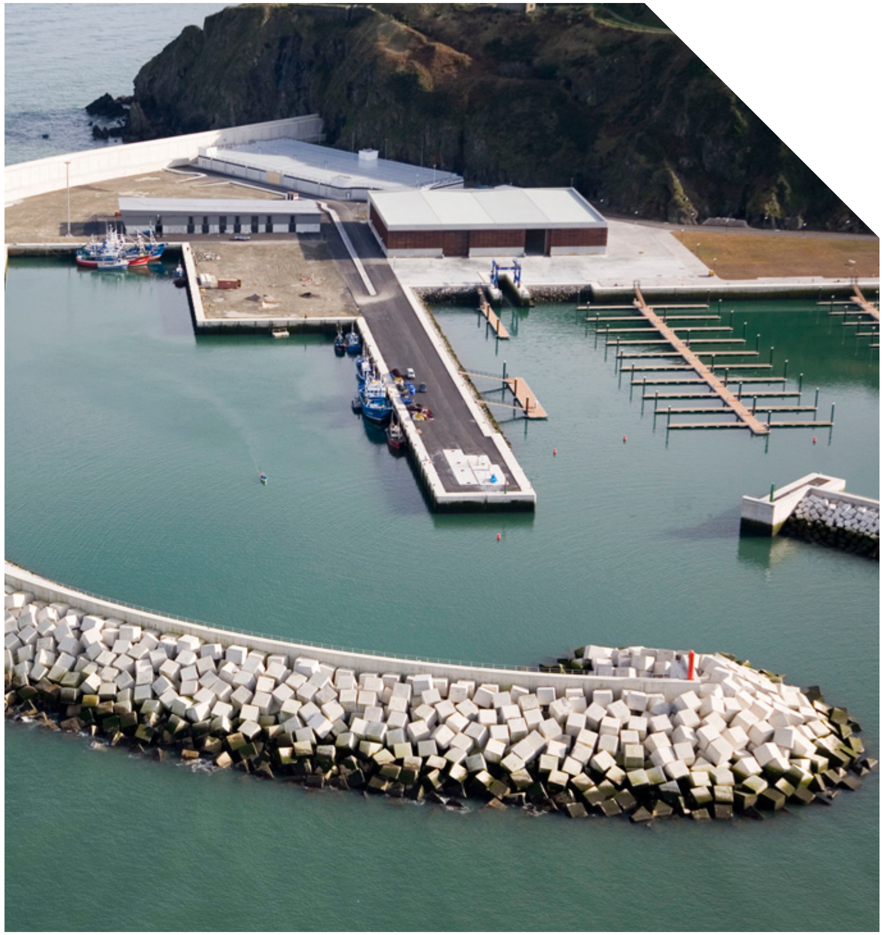
4. The accompanying directors' report for 2011 contains the explanations which the directors consider appropriate about the Company's situation, the evolution of its business and other matters, but is not an integral part of the financial statements. We have checked that the accounting information in the directors' report is consistent with that contained in the financial statements for 2011. Our work as auditors was confined to checking the directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the Company's accounting records.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Miguel Laserna Niño
27 February 2012

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

CORPORATE GOVERNANCE



ANNUAL CORPORATE GOVERNANCE REPORT
LISTED COMPANIES

APPENDIX I

FISCAL YEAR 2011
TAX ID. A28037224
Name:
FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
Business address:
Balmes, 36
08007 Barcelona
Spain
Note:
This document includes the information contained in the Spanish National Securities Market Commission (CNMV) model Annual Corporate Governance Report for 2011 for FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A, approved by the Board of Directors meeting on 27 February 2012. The figures in this document are identical to those in the approved Report; only the format has been modified. Additional comments included under Section G ("OTHER INFORMATION") in the official model have been incorporated into the corresponding sections of this document.

A. SHAREHOLDING STRUCTURE

A.1. Complete the next table about the Company's ownership structure:

Date of last change	Share capital (€)	Number of shares	Number of voting rights
30/06/2008	127,303,296	127,303,296	127,303,296

Please indicate if there are different types of shares, and if so their corresponding rights:

YES NO ☒

A.2. Indicate direct and indirect owners of significant stakes, and their stakes at yearend, excluding directors:

Name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
The Royal Bank of Scotland Group PLC	—	4,330,938	3.402%

Name of shareholder	Through: Name or corporate name from the participation's direct holder	Number of direct voting rights	% of total voting rights
The Royal Bank of Scotland Group, PLC	The Royal Bank of Scotland, PLC	4,323,586	3.396%

Indicate significant changes in the ownership structure in the year:

Name of shareholder	Transaction date	Description of the transaction
—	—	—

A.3. Complete the next tables regarding the members of the Company's Board of Directors who own stock with voting rights in the Company:

Name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
Mr. Gonzalo Anes y Álvarez de Castrillón	11,350	0	0.009
B-1998, S.L.(1)	59,871,785	8,653,815	53.829
Cartera Deva, S.A.	100	0	0
Mr. Juan Castells Masana (2)	17,509	8,100	0.020
Dominum Desga, S.A.	4,132	0	0.003
Dominum Dirección y Gestión, S.L.	10	0	0
Eac Inversiones Corporativas, S.L.	32	0	0
Mr. Fernando Falcó Fernández de Córdova	8,390	0	0.007
Mr. Baldomero Falcones Jaquotot (3)	48,473	85,150	0.105
Mr. Felipe Bernabé García Pérez	55,571	0	0.044
Larranza XXI, S.L.	10	0	0
Mr. Rafael Montes Sánchez (4)	98,903	20,697	0.094
Mr. Marcelino Oreja Aguirre	14,000	0	0.011
Mr. Antonio Pérez Colmenero	35,323	0	0.028
Mr. Javier Ribas	8,000	0	0.006

(*) Through:

CORPORATE GOVERNANCE

Name of shareholder	Number of direct voting rights	% of total voting rights
Azate, S.A (1)	8,653,815	6.798
Mrs. Heather M. Randall Snell (2)	8,100	0.006
Oravla Inversiones, S.L. (3)	73,650	0.057
Amolap Inversiones Sicav, S.A. (3)	11,500	0.010
Mrs. Josefa Fernández Mayo (4)	20,697	0.016

Total % of voting rights held by the Board of Directors	54.16

Complete the tables below regarding the members of the Company's Board of Directors who own stock options in the Company:

Name of shareholder	Number of direct stock options	Number of indirect stock options	Number of equivalent shares	% of share capital
Mr. Baldomero Falcones Jaquotot	95,000	0	95,000	0.075
Mr. Felipe Bernabé García Pérez	72,500	0	72,500	0.057
Mr. Antonio Pérez Colmenero	72,500	0	72,500	0.057

NOTE:
FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. (hereafter FCC) is controlled by B-1998, S.L., which owns 53.829% of FCC shares, of which 59,871,785 are held directly and 8,653,815 are held indirectly through subsidiary Azate, S.A.

Fomento de Construcciones y Contratas, S.A. (FCC) is controlled by B-1998, S.L., which is controlled by Mrs. Esther Koplowitz Romero de Juseu, who holds an 89.65% stake:

- 22.87% directly and indirectly, through Dominum Desga, S.A. (0.0001%) and Dominum Dirección y Gestión, S.L. (66.78%), both of which are 100% owned by Mrs. Esther Koplowitz Romero de Juseu.

Mrs. Esther Koplowitz Romero de Juseu also holds 123,313 FCC shares directly and 39,172 FCC shares indirectly through her wholly-owned companies Dominum Desga, S.A. (4,132 shares), Dominum Dirección y Gestión, S.L. (10 shares) and Ejecución y Organización de Recursos , S.L. (35,040 shares), all wholly-owned by Mrs. Esther Koplowitz Romero de Juseu.

Various investors (hereinafter, the Investors) hold a 10.35% stake in B-1998, S.L., as follows:

- Eurocis, S.A. (5.01%)
- Larranza XXI, S.L. (5.34%)

A.4. Indicate any family, commercial, contractual or business relationships among owners of significant stakes, insofar as they are known to the Company, unless they are insignificant or are derived from ordinary commercial transactions:

Name of related shareholder	Type of relationship	Brief description
—	—	—

A.5. Indicate any commercial, contractual or corporate relationships between owners of significant stakes and the Company, unless they are insignificant or are derived from ordinary commercial transactions:

Name of related shareholder	Type of relationship	Brief description
—	—	—

A.6. Indicate if the Company has been notified of any shareholders' agreements which affect the Company as set out in Article 112 of the Spanish Securities Market Law. If so, list the shareholders involved and briefly describe the agreements:

YES ☒ NO

Participants in the shareholders agreement	% of share capital affected	Brief description
Mrs. Esther Koplowitz Romero de Juseu	52.483	Relevant event of 30/07/2004 www.cnmv.es (see note).
Mrs. Esther Koplowitz Romero de Juseu	52.483	Relevant event of 13/01/2005 www.cnmv.es (see note).
Mrs. Esther Koplowitz Romero de Juseu	52.483	Relevant event of 13/01/2005 www.cnmv.es (see note).
Mrs. Esther Koplowitz Romero de Juseu	52.483	Relevant event of 19/07/2007 www.cnmv.es (see note).
Mrs. Esther Koplowitz Romero de Juseu	52.483	Relevant event of 26/12/2007 www.cnmv.es (see note).
Mrs. Esther Koplowitz Romero de Juseu	53.829	Relevant event of 04/02/2008 www.cnmv.es (see note).
Mrs. Esther Koplowitz Romero de Juseu	53.829	Relevant event of 26/05/2011 www.cnmv.es (see note).

NOTE:

A regulatory disclosure was published on 30 July 2004 on the CNMV website (Spanish National Securities Market Commission) regarding the acquisition of part of Mrs. Esther Koplowitz Romero de Juseu's stake in B-1998, S.L. by Inversiones Ibersuizas, S.A., Inversiones San Felipe, S.L., Cartera Deva, S.A., and the French family Peugeot, through Simante, S.L.

A regulatory disclosure was filed on 13 January 2005 on the agreement between Dominum Dirección y Gestión, S.L. Unipersonal (wholly-owned by Mrs. Esther Koplowitz Romero de Juseu) and Larranza XXI, S.L. (belonging to the Bodegas Faustino group) to transfer a portion of the former's minority stake in B-1998, S.L., which directly and indirectly owns 52.483% of FCC, to the latter.

A regulatory disclosure was filed on 13 January 2005 on the agreement between Dominum Dirección y Gestión, S.L. Unipersonal (wholly-owned by Mrs. Esther Koplowitz Romero de Juseu) and Inversiones Ibersuizas, S.A., Inversiones San Felipe, S.L., Ibersuizas Holdings, S.L., Cartera Deva, S.A., Arzubi Inversiones, S.A. and EBN Banco de Negocios, S.A. to transfer a minority stake owned by the former in B-1998, S.L., which directly and indirectly owns 52.483% of FCC, to the latter.

A regulatory disclosure was filed on 19 July 2007 on the novation modifying B-1998, S.L. shareholder agreements, which does not alter Mrs. Esther Koplowitz Romero de Juseu's direct and indirect stakes in B-1998, S.L. or the agreements between parties with respect to the governance of B-1998, S.L. and, indirectly, of Fomento de Construcciones y Contratas, S.A., or any provision regarding control of both companies."

A regulatory disclosure was issued on 26 December 2007 on the reorganisation of the ownership structure of B-1998, S.L., whereby Mrs. Esther Koplowitz Romero de Juseu, through wholly-owned company DOMINUM DIRECCIÓN Y GESTIÓN, S.L., signed an agreement with IBERSUIZAS HOLDINGS, S.L. to purchase from the latter 10.55% of B-1998, S.L., which owns 52.483% of FCC, effective 30 January 2008.

The transaction totalled 381.5 million euro, valuing FCC shares at €55.94 each. This move, which was initiated by Esther Koplowitz and increased her stake in FCC, entailed the divestment of Grupo Ibersuizas in B-1998, S.L. and, thus, in FCC Group. Ibersuizas Holdings, S.L. ceased being party to the shareholders' agreement regulating the relationships between shareholders of B-1998, S.L., and on 30 January 2008, resigned from the Board of Directors of that company. Ibersuizas Alfa, S.L. also left FCC's Board of Directors.

A regulatory disclosure was issued on 4 February 2008 regarding Mrs. Esther Koplowitz's acquisition of Ibersuizas Holding's stake in B-1998, S.L., FCC's main shareholder (53.829%). The agreement was reached on 24 December 2007.

A regulatory disclosure was issued on 12 July 2010 as follows: "Businesswoman Esther Koplowitz has reached an agreement with Simante, S.L. to acquire the latter's stake in the share capital of B-1998, S.L. for EUR 88 million.

Under the agreement, Simante will sell all of its shares in B-1998, S.L. to Dominum Dirección y Gestión S.L. The transaction will be carried out in September and refers to 5.7% of the share capital.

CORPORATE GOVERNANCE

Following the reorganisation of the capital of B-1998, S.L., the capital ownership is as follows:

Esther Koplowitz (directly or indirectly)	89.65%
Eurocis, S.A.	5.01%
Larranza XXI, S.L.	5.34%
Total	100.00%

The above-mentioned regulatory disclosures reflect the main agreements reached between Mrs. Esther Koplowitz Romero de Juseu and the Investors since the respective acquisitions regarding control of FCC and B-1998, S.L.:

- Mrs. Esther Koplowitz Romero de Juseu will retain control of B-1998, S.L. and, therefore, of Azate, S.A. and FCC.
- The Board of Directors of B-1998, S.L. will comprise twelve directors. As a group, the Investors are entitled to appoint up to four directors, although under no circumstances may those directors appoint more than one third of the members of the Board of B-1998, S.L.
- At all events, Mrs. Esther Koplowitz Romero de Juseu may appoint the majority of the members of the Boards of Directors of FCC and its subsidiaries. As a group, the Investors may appoint up to three members but never more than one-third of the total Board of Directors of FCC.
- Mrs. Esther Koplowitz Romero de Juseu may appoint the Chairman of the Board of Directors of FCC, the Managing Director of FCC and at least two-thirds of the members of the Executive Committee.
- FCC's pay-out will be at least 50%.

Mrs. Esther Koplowitz Romero de Juseu and the Investors have entered into a series of agreements to protect the latter's minority interest in B-1998, S.L.:

- IN RELATION TO B-1998, S.L:

As regards B-1998, S.L., although the general rule is that decisions (in the Shareholders' Meeting or the Board of Directors) be adopted by simple majority of capital, there are a number of special cases where consensus is required:

- Modifications to the Articles of Incorporation that entail moving the registered offices abroad, changing the corporate purpose or increasing or reducing capital, except where such operations are required by law or, in the case of capital reductions, when they occur through the acquisition of own shares by B-1998, S.L., (owned directly and indirectly by Mrs. Esther Koplowitz Romero de Juseu and Dominum Dirección y Gestión S.L.) for amortisation, or when the capital reduction is performed through amortisation of shares of B-1998, S.L. (held directly and indirectly by Mrs. Esther Koplowitz Romero de Juseu and by Dominum Dominum Dirección y Gestión, S.L.) against reserves, which may only be performed by Mrs. Esther Koplowitz Romero de Juseu, according to a clause in the Articles of Incorporation and otherwise.
- Any type of transformation, merger or spin-off or the total transfer of assets and liabilities;
- Dissolution or liquidation of B-1998, S.L.;
- Overriding of pre-emptive subscription rights in capital increases and the exclusion of shareholders;
- Modification of the regime of management of B-1998, S.L.;
- Establishment or modification of the dividend policy agreed by the Investors in connection with rights attached to their shares, as set out in the Articles of Incorporation or otherwise;
- Acts of disposal or encumbrance, by any means, of any significant assets of B-1998, S.L., specifically shares of FCC or shares of any other companies in which B-1998, S.L. holds or may hold a stake in the future;
- An increase in structural expenses which, on an annual basis, exceed those reflected in the Company's balance sheet as of 31 December 2003, increased in line with the general annual CPI plus two percentage points; the foregoing calculation will exclude the remuneration paid to B-1998, S.L. as a result of that company being a member of the Board of Directors of FCC (hereafter, the "FCC Board Remuneration"), and remuneration of members of the Board of Directors of B-1998, S.L., as long as it does not exceed the FCC Board Remuneration;
- Granting or maintaining powers that allow for the disposal of FCC shares, by any means;
- B-1998, S.L. leverage and obtaining or providing guarantees which, overall, exceed 500,000 euro;

- Creating or acquiring direct subsidiaries (other than FCC subsidiaries) or acquiring shares in entities other than those in which B-1998, S.L. already holds a stake

- IN RELATION TO FCC:

As regards FCC, although the general rule is that decisions (in the Shareholders' Meeting or the Board of Directors) be adopted by simple majority of capital, there are a number of special cases where consensus is required:

- Modifications to the Articles of Incorporation that entail moving the registered offices abroad and increasing or reducing capital, except where such operations are required by law.
- Changing the corporate purpose when doing so includes the incorporation of activities not related to construction, services, cement and real estate.
- Any type of transformation, merger or spin-off.
- Any merger of FCC, Cementos Portland Valderrivas, S.A. and FCC Servicios, S.A. whereby B-1998, S.L. would no longer indirectly hold more than 50% of the voting rights in the post-merger Company.
- Overriding of pre-emptive subscription rights in capital increases.
- Modification of the regime of management.
- Acts of disposal or encumbrance, by any means, of any relevant FCC assets unrelated to the Company's object, and, at all events, the above-mentioned acts within the scope of FCC's object when the total or combined value is 700,000,000 euro or more (adjusted in line with the annual increase in the CPI), or entail a significant modification to the current structure of the FCC Group or represent more than 10% of the FCC Group's consolidated assets.
- Any transactions that may lead to or represent a variation of more than 20% of FCC's equity or over 10% of the FCC Group's consolidated assets.
- Granting of powers that permit, by any means, the above-mentioned disposals, encumbrance and acquisitions; the foregoing does not in any way limit Mrs. Esther Koplowitz Romero de Juseu's right to appoint and remove the Managing Director of FCC.
- FCC leverage and obtaining or providing guarantees (excluding, at all events, guarantees included in the normal course of ordinary business and non-recourse project finance) which, overall, exceed 2.5 times the EBITDA shown in FCC's most recent consolidated balance sheet.

In the event that Mrs. Esther Koplowitz Romero de Juseu and the Investors are unable to reach a consensus to adopt resolutions in the above-mentioned special cases, the parties will take the necessary measures to maintain the pre-existing situation.

A relevant event was published on 26 May 2011 relative to the modifying novation of the purchase/sale agreement and the investment/disinvestment of B-1998, S.L. shareholders and renewal of same between Dominum Dirección y Gestión S.L., Eurocis, S.L. and Larranza XXI, S.L. The contents of the notarised deed of the novation was included in the published relevant event.

The full content of the shareholders' agreements are available on the CNMV website as Regulatory Disclosures dated 30 July 2004, 13 January 2005, 19 July 2007, 4 February 2008 and 26 May 2011.

Indicate if the Company is aware of any concerted actions among its shareholders. If so, give a brief description:

YES	NO ☒

Participants in the concerted action	% of share capital affected	Brief description of the action
—	—	—

If the shareholders' agreements or concerted actions have been amended or terminated in the year, indicate this expressly.

A.7. Indicate if there is an individual or legal entity that exercises or can exercise control over the Company in accordance with Article 4 of the Securities Market Law:

YES ☒	NO

Name
Mrs. Esther Koplowitz Romero de Juseu

CORPORATE GOVERNANCE

Comments

A.8. Complete the next tables about the Company's own shares:

At year end:

Number of direct shares	Number of indirect shares (*)	% of share capital
3,278,047	9,418,830	9.97

(*) Through:

Name of direct owner of stake	Number of direct shares
Asesoría Financiera y de Gestión, S.A.	9,418,830
Total:	9,418,830

Detail the significant changes in the year, in accordance with Royal Decree 1362/2007:

Date of disclosure	Total number of direct shares acquired	Total number of indirect shares acquired	% of share capital
11/10/2011	1,641,899	787,640	1.912

Capital gain/ (Capital loss) on own shares disposed of during the period	(-1,000 €)

A.9. Detail the conditions and term of the current authorisation that the Shareholders' Meeting has given to the Board of Directors to buy or sell own shares.

Resolution by the Extraordinary Shareholders' Meeting of 30 November 2009 (Agenda item 2)

Under the provisions of Article 3 et seq. of European Commission Regulation 2273/2003, of 22 December, to approve a share buyback programme whose only purpose is (i) to fulfill the obligations deriving from the issuance of exchangeable bonds (the "Bonds") for a maximum amount of four hundred fifty million euro (€450,000,000) approved by the Company under the decision by the Meeting of Shareholders on 18 June 2008 by virtue of an Executive Committee decision dated 6 October 2009, by delegation of the Board of Directors on 30 September 2009, and (ii) to reduce the Company's capital by amortising the shares acquired by virtue of the programme or those already held as treasury stock (including, for this purpose, the 5,090,000 shares loaned to the Joint Lead Managers), which shall henceforth be deemed to be subject to the terms and conditions of the programme approved by the Meeting of Shareholders. As a result of the foregoing, decision six adopted by the Meeting of Shareholders on 10 June 2009 is annulled to the extent that it has not been executed and the Company is authorised so that, directly or via any of its subsidiaries, within a period of at most five years from the date of this Meeting of Shareholders, it may acquire, at any time and on as many occasions as it sees fit, shares of the Company by any means allowed by law, all in conformity with Article 75 and matching Articles of the Consolidated text of the Public Limited Companies Act.

It is also decided to approve the limits or requirements of such acquisitions, as follows:

- The par value of the shares acquired, added to those already held by the Company and its subsidiaries, may not at any time exceed ten per cent of the Company's capital.
- The shares acquired must have been fully paid.
- The acquisition price may not be less than the par value or more than 20 percent of the market price.

The shares acquired under the buyback programme shall be used by the Company to fulfil its exchange or conversion obligations arising from the issuance of the Bonds and/or to reduce the Company's capital, as the case may be.

Resolution of the Ordinary General Meeting of 27 May 2010 (Agenda item 7)

A. Share buyback programme and capital reduction

Under the provisions of Article 3 et seq. of Commission Regulation (EC) No 2273/2003 of 22 December, to approve a programme to repurchase shares of the Company whose sole purpose is (i) to meet obligations to deliver shares that arise from the issuance of securities giving entitlement to acquire outstanding shares, or to amortise them in order to limit the dilution of the pre-existing shareholders in case of issuance, while overriding the pre-emptive subscription right, of securities that are convertible into, or give entitlement to subscribe for, newly-issued shares, that may be adopted by the Board of Directors of the Company under the provisions of paragraph A above of this Decision for a maximum of three hundred million euro (€ 300,000,000) (the "Securities"), and (ii) to reduce the Company's capital by amortising the shares acquired by virtue of the programme or those already held as treasury stock (provided they are not already assigned to preceding share buyback programmes that have not been completed), which will be deemed to be subject to the terms and conditions of the programme approved by the General Meeting of Shareholders.

The Company is authorised so that, directly or via any of its subsidiaries, within a period of at most five years from the date of this Meeting of Shareholders, it may acquire, at any time and on as many occasions as it sees fit while executing the approved share buyback programme, shares of the Company by any means allowed by law, all in conformity with Article 75 and matching articles of the Consolidated Text of the Public Limited Companies Act.

It is also decided to approve the limits or requirements of such acquisitions, as follows:

- The par value of the shares acquired, added to those already held by the Company and its subsidiaries, may not at any time exceed ten per cent of the Company's capital.
- The shares acquired must have been fully paid.
- The acquisition price may not be less than the par value or more than 20 percent of the market the market price.

The shares acquired under the buyback programme shall be used by the Company to fulfil its obligations to deliver existing shares in connection with the securities issue or to reduce the Company's capital so as to limit the dilution of existing shares if the shareholders exercise their right to convert or subscribe the newly issued shares in connection with the bond issue.

This agreement neither eliminates nor alters the terms and conditions of prior share buyback programmes approved by the Company or authorisations for the derivative acquisition of treasury stock, which remain in full force. This share buyback programme is compatible with previous programmes in place. However, this programme may only be carried out to the extent that it does not preclude the complete fulfilment of prior share buyback programmes and hence the achievement of the aims for which they were approved.

CLARIFICATION:

A relevant event was reported to the CNMV on 1 July 2011 under number 146731 communicating the suspension of the Share Buyback Programme by the Company under the following terms:

The Share Buyback Programme, which was reported to the CNMV in relevant event number 116937 on 1 December 2009, was intended to fulfil the Company's obligations stemming from the subordinated bond issue on October 2009 by amortising a number of a treasury shares with a face value equivalent to the new shares to be issued to satisfy the exchange requests of bondholders. The fundamental objective of this programme is to avoid the risk of future dilution for current shareholders.

In keeping with the objectives of the Buyback Programme and given the current treasury stock positions and number of shares needed to cover the conversion or swap of the bonds, which at this time is equivalent to 9.11% of the share capital, the bond issue currently poses absolutely no risk of dilution to current shareholders.

For the reasons mentioned above, FCC proceeds to cancel the share Buyback Programme and to communicate this fact as a relevant event. This suspension shall remain in effect until such time as there is a change in the percentage of share capital indicated above (9.11%) needed to satisfy conversion or swap requirements.

Furthermore, on 6 July 2011, a Relevant Event was reported to the CNMV under number 146998, communicating the subscription of a liquidity contract under the following terms:

By resolution of the Board of Directors at the meeting held on 30 June 2011, on 6 July 2011 Fomento de Construcciones y Contratas, S.A. signed a Liquidity Contract

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pursuant to the terms of Circular 3/2007 of 19 December published by the CNMV with Santander Investment Bolsa, Sociedad de Valores, S.A. This contract is applicable to Spanish stock exchanges and the object of the agreement is favour trading liquidity and regularity. The term of the Liquidity Contract is twelve months, tacitly renewable for 12-month periods and a total of 95,465 shares and EUR 2 million is assigned.

A.10. Indicate any legal or Articles of Incorporation restrictions on the exercise of voting rights or any legal restrictions on the acquisition or sale of stakes in share capital.

Indicate whether there are any legal restrictions on the exercise of voting rights

YES	NO	☒

Maximum percentage of voting rights that a shareholder may exercise under legal restrictions	0

Indicate whether there are restrictions in the Articles of Incorporation on the exercise of voting rights:

YES	NO	☒

Maximum percentage of voting rights that a shareholder may exercise under restrictions in the Articles of Incorporation	0

Indicate whether there are any restrictions on the acquisition or sale of stakes in share capital:

YES	NO	☒

A.11. Has the General Meeting of Shareholders adopted neutralisation measures in the event of a takeover bid as provided in Law 6/2007

YES	NO	☒

Detail any such methods that have been approved and the terms in which the restrictions will be rendered ineffective:

B. STRUCTURE OF THE COMPANY'S ADMINISTRATION

B.1. Board of Directors

B.1.1. Indicate the minimum and maximum number of directors envisaged in the Articles of Incorporation:

Maximum number of directors	22
Maximum number of directors	5

B.1.2. Complete the next table with the members of the Board:

Name of director	Representative	Board position	Date of first appointment	Date of last appointment	Election procedure
Mr. Gonzalo Anes y Álvarez de Castrillón		Director	30/06/1991	27/05/2010	General Meeting
B-1998, S.L.	Mrs. Esther Koplowitz Romero de Juseu	1st Vice President	17/12/1996	28/06/2007	General Meeting
Cartera Deva, S.A.	Mr. Jaime Llantada Aguinaga	Director	15/09/2004	27/05/2010	General Meeting
Mr. Juan Castells Masana		Director	21/06/2000	27/05/2010	General Meeting
Dominum Desga, S.A.	Mrs. Esther Alcocer Koplowitz	2nd Vice President	27/09/2000	01/06/2011	General Meeting
Dominum Dirección y Gestión, S.L.	Mrs. Carmen Alcocer Koplowitz	Director	26/10/2004	27/05/2010	General Meeting
Eac Inversiones Corporativas, S.L.	Mrs. Alicia Alcocer Koplowitz	Director	30/03/1999	11/06/2009	General Meeting

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Name of director	Representative	Board position	Date of first appointment	Date of last appointment	Election procedure
Mr. Fernando Falcó y Fernández de Córdova		Director	18/12/2003	27/05/2010	General Meeting
Mr. Felipe Bernabé García Pérez		Director Assistant Secretary	30/03/1999	27/05/2010	General Meeting
Mr. Baldomero Falcones Jaquotot		Chief Executive Officer	18/12/2007	18/06/2008	General Meeting
Mr. Rafael Montes Sánchez		Director	06/03/1992	11/06/2009	General Meeting
Mr. Marcelino Oreja Aguirre		Director	21/12/1999	27/05/2010	General Meeting
Mr. César Ortega Gómez		Director	28/06/2007	28/06/2007	General Meeting
Mr. Antonio Pérez Colmenero		Director	30/03/2005	27/05/2010	General Meeting
Larranza XXI, S.L.	Mrs. Lourdes Martínez Zabala	Director	13/01/2005	27/05/2010	General Meeting
Mr. Nicolás Redondo Terreros		Director	19/06/2008	19/06/2008	General Meeting
Mr. Javier Ribas		Director	11/06/2009	11/06/2009	General Meeting
Mr. Henri Proglio		Director	27/05/2010	27/05/2010	General Meeting

Total number of Directors	18

NOTE:

Mr. Francisco Vicent Chuliá was appointed Secretary of the Board of Directors at the Board meeting held on 26 October 2004.

Indicate any removals from the Board of Directors in the period:

Name of director	Status advisor upon his cessation	Date removed
Mr. Miguel Blesa de la Parra	Dominical	01/06/2011
Mr. Robert Peugeot	Dominical	01/06/2011

B.1.3. Complete the next tables with the members of the Board and their status:

EXECUTIVE DIRECTORS

Name of director	Committee that proposed appointment	Position held
Mr. Baldomero Falcones Jaquotot	Appointements and Remuneration	Chairman and CEO
Mr. Felipe Bernabé García Pérez	Appointements and Remuneration	Secretary General

Total number of executive directors	2
% of total Board members	11

EXTERNAL PROPRIETARY DIRECTORS

Name of director	Committee that proposed the appointment	Name of the significant shareholder who is represented or who proposed the appointment
B-1998, S.L.	Appointements and Remuneration	B-1998, S.L.
Dominum Desga, S.A.	Appointements and Remuneration	B-1998, S.L.
Dominum Dirección y Gestión, S.L.	Appointements and Remuneration	B-1998, S.L.

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Name of director	Committee that proposed the appointment	Name of the significant shareholder who is represented or who proposed the appointment
Eac Inversiones Corporativas, S.L.	Appointements and Remuneration	B-1998, S.L.
Mr. Fernando Falcó Fernández De Córdova	Appointements and Remuneration	B-1998, S.L.
Mr. Marcelino Oreja Aguirre	Appointements and Remuneration	B-1998, S.L.
Cartera Deva, S.A.	Appointements and Remuneration	B-1998, S.L.
Larranza XXI, S.L.	Appointements and Remuneration	B-1998, S.L.
Mr. Juan Castells Masana	Appointements and Remuneration	B-1998, S.L.
Mr. Rafael Montes Sánchez	Appointements and Remuneration	B-1998, S.L.
Mr. Antonio Pérez Colmenero	Appointements and Remuneration	B-1998, S.L.

Total number of proprietary directors	11
% of total Board members	61

EXTERNAL INDEPENDENT DIRECTORS

Name of director	Profile
Mr. César Ortega Gómez	General manager of Banco Santander. Holds a Degree in Economics and Business and a Masters in Tax Consulting from ICADE. studied law and philosophy. Partner at Arthur Andersen Asesores Legales y Tributarios and Garrigues law firm for 12 years. Board member of Grupo Santander, S.L., Bancos Latinoamericanos Santander, S.L., Santusa Holding, S.L., Santander Holding Gestión, S.L. and Santander Investment, S.A.

Name of director	Profile
Mr. Gonzalo Anes y Álvarez de Castrillón	Director of FCC, S.A.; Chairman of its audit and Control Committee and member of its Appointment and Remuneration Committee. Holds a PHD in Economics from Madrid University. Professor of History and Economic Institutions at the Madrid Complutense University School of Economics. Full member of the Spanish Royal Academy of History, and Director since 1998. Member of the Prado Museum Board of trustees since 1982 and was its Chairman from 1986 to 1990. Former director of the Bank of Spain and of Repsol-YPF. He holds the title of Marquis of Castrillón.
Mr. Henri Proglio	Hold a Degree from the HEC, Business School de Paris (1971). currently Chairman and CEO of EDF and member of the Board of Directors and Supervisory Committee of Dassault Aviation, Natixis, CNP seguros. In the past he has been Chairman of the Board of Directors of Veolia Medio Ambiente, chairman of the Board of Directors of the following Vivendi Environment Businesses: Aguas Generales y Vivendi Agua, CGEA (Onyx: Waste Management- Connex: transport), and Dalkia (Energy Services), Vice-President of Vivendi, chairman of Génerale des Eaux, managing director and member of the board of directors of Vivendi Agua, executive vice president of Compagnie Générale des Eaux, member of the executive committee of la Compagnie Générale des Eaux. He is also a former senior officer of Compagnie Générale des Eaux and Chairman and CEO of CGEA, a subsidiary of la Compagnie Générale des Eaux in the transport and waste management area. Recipient of the french legion of honour medal.
Mr. Nicolás Redondo Terreros	Holds a law degree from Deusto University; Chairman of Fundación para la Libertad; member of the editorial board of El Economista; member of the editorial board of the "Registradores" magazine of the Spanish property registrars and economists; member of the advisory board of Infomedio (agencia de información sobre Oriente Medio). Recipient of the 2003 Constitutional Merit Award from the Spanish government. Former: First deputy president of Vizcaya; member of the Basque Parliament; secretary general of the Basque socialist party parliamentary Group in the Basque Parliament; spokesman for the Socialist Party Group in the Vizcaya parliament; member of the spanish national Parliament for Vizcaya, and chairman of the Basque Socialist Parliamentary group.
Mr. Javier Ribas	Holds a PHD in industrial engineering, a degree in economics and a Diploma in operational research from the French Petroleum Institute (Paris). Engineer at Compañía Francesa de Petróleo; head of research at Esso France; head of the industrial sector for Liga Financiera de Madrid; Deputy General Manager of Electronic Data Systems (EDS)

Name of director	Profile
	Spain. Currently Executive Vice-Chairman of EDS Spain. Served on the Board of Directors of Telson, S.A. and Hidrocantábrico, S.A.; is currently Director at Inforsistem, S.A. and Hewlett-Packard/EDS (Advisory Board).
Total number of independent directors	5
% of total Board members	28

OTHER EXTERNAL DIRECTORS

Name of director	Committee that proposed the appointment
—	—

Total number of other external directors	
% of total Board members	

State why these directors cannot be considered proprietary or independent, and indicate any relations between them and the Company, its executives or shareholders:

Name of director	Reasons	Company, executive or shareholder with which he/she is related

Indicate any changes in directors' status in the period:

Name of director	Date of change	Former status	Current status

B.1.4. Indicate any reasons for which proprietary shareholders were appointed at the proposal of a shareholder owning less than 5% of capital:

Name of shareholder	Supporting documentation

Disclose any rejection of a formal request for a Board seat from shareholders whose equity stake is equal to or greater than that of others which applied successfully for a proprietary directorship. Detail the reasons for any such rejection:

YES ☐ NO ☒

B.1.5. State whether any director has withdrawn from his/her position before the expiration of his/her term of office, whether the director has given reasons to the Board and by what means, and in the event that he/she gave reasons in writing to the full Board, describe at least the reasons given by the director:

Name of Director	Reason for withdrawal
Mr. Robert Peugeot	In a letter to the Chairman and CEO of FCC and the Secretary General dated 18 May 2011, Mr. Robert Peugeot stepped down as a Director of FCC as a consequence of the sale of the FFP Group's shareholding in B-1998, S.L.

B.1.6. Indicate any powers delegated to the managing director(s):

Name of director	Brief description
Mr. Baldomero Falcones Jaquotot	See note

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NOTE:
Article 35.2 of the Rules of the Board of Directors establishes that:

"The Board may delegate permanently, to one or more of its members, all of the powers vested in the Board of Directors with the exception of those which, by law or under the Articles of Incorporation or these Rules, may not be delegated.

In order to be valid, the permanent delegation of the powers of the Board of Directors and the designation of the director or directors delegated with such powers, regardless of their title, will require the favourable vote of at least two-thirds of the members of the Board of Directors.

The Managing Director is responsible for representing and directing the Company's business, always in keeping with the decisions and criteria established by the General Meeting of Shareholders and the Board of Directors, within the scope of their respective authority.

The effective representation and direction of the Company's business affairs includes but is not limited to:

- *Supporting the Board of Directors in defining the Group's strategy.*
- *Drafting the Business Plan and Annual Budgets to be submitted to the Board of Directors for approval.*
- *Preparing, and submitting to the Board of Directors or the Executive Committee for approval, depending on whether the amount involved is more or less than eighteen million euro, respectively, proposals for investments, divestments, credit, loans, surety and guarantee lines and any other type of financial facility.*
- *Hiring and dismissing any company employee, with the exception of appointments which fall under the powers of the Board of Directors pursuant to the terms of these Rules.*

Once per year, at the first Board meeting of the year, the Managing Director will inform the members of the Executive Committee of the actual level of compliance with the forecasts contained in the investment proposals submitted to the Committee and to the Board of Directors for approval."

Article 7.2 of the Rules of the Board of Directors states:

"In any event, through the passage of resolutions which must be approved in each case as stipulated by law and the Articles of Incorporation, the plenary Board of Directors has exclusive powers over the following formal list of matters, which may not be delegated:

a. *Appointment and removal of the Chairman, Vice-Chairman, Managing Directors, Secretary and Vice-Secretary of the Board of Directors and, at the proposal of the Managing Director, appointment, removal and, when appropriate, indemnity clauses for the senior executives in the Company's functional areas (Administration, Finance, Human Resources, and the General Secretariat), of members of the Management Committee and, in general, the Company's Senior Executives.*
b. *Propose to respective Boards of Directors, at the initiative of the Managing Director and through the Company's representatives, the appointment, removal and, when appropriate, indemnity clauses of the Chairmen and General Managers of the parent companies of FCC Group, acting in this connection in pursuit of the corporate interest of each of them.*
c. *Delegating faculties to any of the members of the Board of Directors in the terms established by law and the Articles of Incorporation, and revoking such powers.*
d. *Appointment and removal of directors as members of the various Committees envisaged in these Rules.*
e. *Supervising the Board's Delegated Committees.*
f. *Appointing Board members by co-optation to fill vacancies that arise until the next General Meeting is held.*
g. *Accepting the resignation of Board members.*
h. *Authorising the financial statements and dividend policy for submission and proposal to the General Meeting, and declaring interim dividends.*
i. *Defining the structure of the Group and coordinating, within the legal limits, the Group's general strategy in the interests of the Company and its subsidiaries with the support of the Strategy Committee and the Managing Director, and disclosing*

in the Annual Corporate Governance Report the respective areas of activity and any business relations between the Company and its listed subsidiaries that are part of the group, and between those companies and the other Group companies, and the mechanisms established to resolve any conflicts of interest that may arise.

- *j. Approving investments and financing policy, particularly the approval of investments, divestments, credit lines, loans, surety or guarantee lines, and other financial facilities within the limits that the Board of Directors itself establishes, as well as investments and any other type of transactions whose specific circumstances make them strategic.*
- *k. In general, organising powers of the Board of Directors, particularly the power to amend these Rules.*
- *l. The powers vested in the Board of Directors by the General Meeting, which may only be delegated with the express consent of the General Meeting."*

Article 8.1 (under "General functions - Equilibrium in the performance of functions"), states that:

"The Board of Directors is responsible for performing such acts as may be necessary to attain the corporate purpose set forth in the Articles of Incorporation, in accordance with the applicable laws."

Article 8.2 states:

"Delegation by the Board of powers to any of its members within the limits allowed by the law does not deprive the Board of those powers."

On 18 December 2007 the Board of Directors delegated to Mr. Baldomero Falcones Jaquotot powers in the following areas, effective 1 January 2008: financial, customer and supplier relations, labour, administration and disposal, company and association relations, legal and internal. Delegation of these powers facilitates Group management and expedites performance of the Company's activities.

B.1.7. Identify any Board members with administration or management positions in other companies that form part of the listed Company's group:

Name of director	Name of the Group's subsidiary	Position
Cartera Deva, S.A.	Cements Portland Valderrivas, S.A.	Director
Eac Inversiones Corporativas, S.L.	Cements Portland Valderrivas, S.A. FCC Construction, S.A.	Director Director
Mr. Fernando Falcó Fernández de Córdova	FCC Construction, S.A. Waste Recycling Group Limited	Director Director
Mr. Rafael Montes Sánchez	FCC Construction, S.A. Cements Portland Valderrivas, S.A. Alpine Holding Gmbh	Director Director Director
Mr. Juan Castells Masana	Waste Recycling Group Limited Cements Portland Valderrivas, S.A. Alpine Holding Gmbh	Director Director Director
Mr. Baldomero Falcones Jaquotot	FCC Energía, S.A. Unipersonal FCC Power Generation, S.L. Unipersonal	Chairman Chairman
Mr. Felipe B. García Pérez	FCC Energía, S.A. Unipersonal FCC Environmental LLC FCC Power Generation, S.L. Unipersonal	Director-Secratary Director Director-Secratary
Mr. Javier Ribas	FCC Environmental LLC Alpine Holding Gmbh	Director Director

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B.1.8. Indicate any company directors who are members of the Board of Directors of other companies listed on Spanish official stock markets, other than group companies, that have been notified to the Company:

Name of director	Name of the Group's subsidiary	Position
Mr. Marcelino Oreja Aguirre	Barclays Bank, S.A.	Director
Cartera Deva, S.A.	Realia Business, S.A.	Director
Eac Inversiones Corporativas, S.L.	Realia Business, S.A.	Director
Mr. Fernando Falcó y Fernández de Córdova	Realia Business, S.A.	Director
Mr. Rafael Montes Sánchez	Realia Business, S.A.	Director

B.1.9. Indicate whether the Company has established rules about the number of directorships its Board members can hold, and describe any such rules:

YES	☒	NO	

NOTE:

Article 24.3 of the Rules of the Board of Directors states: "Before accepting any management position or directorship at another company or entity, directors must consult the Appointments and Remuneration Committee.

Article 22.3 of the Rules establishes: "Directors must inform the Appointments and Remuneration Committee of their other professional obligations in case they interfere with the dedication required of a director, and the Board of Directors must establish, based on a proposal by the Appointments and Remuneration Committee, the number of Boards to which directors may belong."

B.1.10. In connection with recommendation number 8 of the Unified Code, indicate the Company's general policies and strategies that must be approved by the full Board:

	YES	NO
Investment and financing policy	☒	
Establishment of the group structure	☒	
Corporate governance policy	☒	
Corporate social responsibility policy	☒	
Strategic or business plan and the annual management and budget targets	☒	
Remuneration policy and assessment of senior management performance	☒	
Risk control and management policy and periodical follow-up of internal control and reporting systems	☒	
Dividend and treasury share policy, especially its limits	☒	

B.1.11. Fill in the tables below on to the aggregate remuneration of directors accrued during the financial year:

a) The Company to which this report refers:

Remuneration item	Thousand Euros
Fixed remuneration	3,778
Variable remuneration	888
Per diems	0
Statutory remuneration	1,974
Stock Options and/or other financial instruments	0
Others	0
Total:	6,640

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Other benefits	Thousand Euros
Advances	0
Loans granted	0
Pension Funds and Plans: Contributions	0
Pension Funds and Plans: Liabilities contracted	0
Life insurance premiums	0
Guarantees given by the Company to the Directors	0

b) As members of Boards of Directors and/or undertaking senior management in other group companies:

Remuneration item	Thousand Euros
Fixed remuneration	0
Variable remuneration	0
Per diems	51
Statutory remuneration	0
Stock Options and/or other financial instruments	0
Others	0
Total:	51

Other benefits	Thousand Euros
Advances	
Loans granted	
Pension Funds and Plans: Contributions	
Pension Funds and Plans: Liabilities contracted	
Life insurance premiums	
Guarantees given by the Company to the Directors	

c) Total remuneration per type of director:

Type of director	Per company	Per group
Executive directors	4,474	0
External directors representing significant shareholders (proprietary or non-independent)	1,766	51
External independent directors	400	0
Other external directors	0	0
Total:	6,640	51

d) With regard to the profits attributed to the equity holders of the Company:

Total remuneration to directors (in Thousand Euros)	6,691
Total remuneration to directors / profit attributed to the equity holders of the Company (in %)	6.2

B.1.12. Identify the members of senior management who are not at concurrently executive directors and indicate the total remuneration accrued in their favour during the financial year:

Name of director	Position
Mr. Antonio Gómez Ciria	General Manager of Administration and IT
Mr. Eduardo González Gómez	General Manager of of Energy and Sustainability
Mr. Miguel Hernanz Sanjuan	General Manager of of internal Audit
Mr. Dieter Kiefer	Chairman and CEO of Cementos Portland
Mr. Francisco Martín Monteagudo	Director of Human Resources
Mr. José Mayor Oreja	Chairman of FCC Construcción
Mr. Víctor Pastor Fernández	Director of Finance
Mr. José Luis de la Torre Sánchez	Chairman FCC Servicios
Mr. José Manuel Velasco Guardado	Director of Communication and Corporate Responsibility

Total remuneration of senior management (in thousand euro)	6,951

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B.1.13. Indicate in an aggregate way any guarantee or "golden handshake" clauses in favour of senior management members, including executive directors, of the Company or its group for the event of dismissal or change of control. Indicate whether these contracts have to be notified to and/or approved by the Company's or group's bodies:

Number of beneficiaries	7

	Board of Directors	General Meeting
Bodies that authorises the clauses	☒	

	Yes	No
Is the General Meeting informed of the clauses?		☒

NOTE:

As indicated in the notes to the financial statements for each year, prepared by the Board of Directors and submitted for approval to the General Meeting, an insurance policy was arranged and paid in order to provide benefits in the case of death or permanent disability, as well as retirement bonuses and other benefits, to certain executive directors and members of senior management, as disclosed in sections B.1.3. and B.1.12., respectively.

In particular, the contingencies giving rise to indemnity are those that entail the extinction of the employment relationship for any of the following reasons:

a) Unilateral decision by the Company.
b) Winding up or disappearance of the parent company for any reason, including merger or spin-off.
c) Death or permanent disability.
d) Declaration of physical disability or legal incompetence for any other reason.
e) A substantial change in professional conditions.
f) Resignation, upon reaching the age of 60, at the executive's request and with the Company's consent.
g) Resignation at age 65, by unilateral decision of the executive.

The Company has subsequently agreed to indemnity for other executive staff members only in the event of the unilateral termination of their contracts by the Company before a certain minimum period of time has elapsed. Clauses of this kind are also contained in the contracts signed with the Chairman and CEO, with the Board of Directors' approval.

FCC Group did not pay any insurance premiums in 2011 and it did not receive any premium rebates.

B.1.14. Indicate the process to establish the remuneration for Board members and the corresponding clauses in the Articles of Incorporation:

Process to establish the remuneration for Board members and the corresponding clauses in the Articles of Incorporation.

Article 37 of the Articles of Incorporation states:

"The post of Board member is remunerated. The remuneration shall consist of a share of the net profits which shall not be less than two percent (2%) of the financial year results attributed to Fomento de Construcciones y Contratas, S.A. in the Group's consolidated annual accounts. This amount will be paid to the Board of Directors once all legal reserves have been covered and a minimum dividend of four percent (4%) has been paid to shareholders. The remuneration for each financial year will be decided by the General Meeting of Shareholders.

The Board will distribute the remuneration resolved at the General Meeting of Shareholders among its members, taking into account the functions and responsibilities of each one in the Board or its Delegate Committees and other criteria envisaged in the Rules of the Board of Directors, including, within the amount referred to in the previous paragraph of this article, fixed remuneration as well as attendance fees, variable remuneration and benefit schemes.

In accordance with the resolution adopted by the General Meeting of Shareholders in this respect, and regardless of provisions of the foregoing paragraphs, director *remuneration may also consist of the delivery of shares or stock options, or may be referenced to the value of the Company shares.*

The remuneration mentioned in the preceding paragraphs for Board members will be compatible with the other waged, service or professional remuneration paid to the Board members for the performance of their duties, whether managerial, executive, advisory or of any other nature, other than the directors' functions of supervision and collective decision-making which they perform for the Company, under the form of hired employment, lease of services or any other form legally applicable to them based on their nature."

Article 42.3 f) of the Rules of the Board of Directors states that the Appointments and Remuneration Committee's functions include: "Overseeing compliance with the Company's remuneration policy and, in particular, proposing to the Board of Directors the remuneration policy for directors and senior executives, the remuneration of the executive directors and the other conditions of their contracts, and the basic conditions for the contracts for senior executives, advising and proposing on multi-year incentive plans for the Company's senior management, particularly those related to the value of the shares."

State whether the Board has reserved the right to approve the following matters:

	YES	NO
On proposal from the Company's chief executive, the appointment and eventual discharge of senior managers, and the indemnity clauses.	☒	
The Board members' remuneration and the additional remuneration of executive directors due to their executive functions and other terms their contracts must comply with.	☒	

B.1.15. Indicate whether the Board of Directors has approved a detailed remuneration policy and specify its points there under:

	YES	NO
Fixed remuneration items, including a breakdown of attendance expenses accrued to the members for Board of Directors and Committee meetings and an estimate of the annual fixed remuneration accrued	☒	
Variable remuneration	☒	
Main features of pension systems, including an estimate of their equivalent annual cost	☒	
Conditions under senior management contracts, including executive officers	☒	

B.1.16. State whether the Board submits a report on the directors' remuneration policy to the advisory vote of the Shareholders' Meeting as a separate point on the agenda and with a consultative character. In which case, describe the points in the report dealing with remuneration policies approved by the Board for future years, the main policy changes, and a general summary of how the remuneration policies were applied throughout the year. Describe the role of the Remuneration Committee and, if external advisors were engaged, indicate their identity:

YES		NO	☒

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	YES	NO
At the time the Ordinary General Meeting of Shareholders scheduled for 1 June 2011 was announced, a report on the Board of Directors remuneration policy was made available to the shareholders. The report was approved by the Board of Directors on 28 February 2011.		
The report discussed the following: a. The procedures applied in preparing the report b. The objective and structure of the remuneration policy c. The remuneration of directors for their membership of the Board d. The remuneration of executive directors for performance of executive and managerial duties • The remuneration structure e. Basic conditions of executive director contracts.		
Role of the Remuneration Committee The Appointments and Remuneration Committee assists and advises the Board. In accordance with Article 42.3 f) of the Rules of the Board of Directors, the Committee is entrusted with the following: - Overseeing compliance with the remuneration policy set by the Company and proposing to the Board of Directors the remuneration policy for directors and senior executives, the remuneration of the executive directors and the other conditions of their contracts, and the basic conditions for the contracts for senior executives, reporting and proposing on multi-year incentive plans for the Company's senior management, particularly those related to the value of the shares.		
Were external advisers used?		☒
Identify external advisers		

B.1.17 Indicate, as the case may be, the identity of the members of the Board of Directors who are, at the same time, members of the Board of Directors, managers or employees of companies holding significant interests in the listed company and/or in other entities of its group:

Name of director	Name of significant shareholder	Position
Cartera Deva, S.A.	B-1998, S.L.	Director
Mr. Juan Castells Masana	B-1998, S.L.	Director
Dominum Desga, S.A.	B-1998, S.L.	Director
Dominum Dirección y Gestión, S.L.	B-1998, S.L.	Director
Eac Inversiones Corporativas, S.L.	B-1998, S.L.	Director
Mr. Fernando Falcó Fernández de Córdova	B-1998, S.L.	Director
Mr. Rafael Montes Sánchez	B-1998, S.L.	Director
Larranza XXI, S.L.	B-1998, S.L.	Director

Identify any significant relationships, other than those stated in the preceding section, between Board members and significant shareholders and/or subsidiaries in their group:

Name of related director	Name of significant related significant shareholder	Description of relationship
Cartera Deva, S.A.	B-1998, S.L.	B-1998, S.L. shareholders' agreements
Larranza XXI, S.L.	B-1998, S.L.	B-1998, S.L. shareholders' agreements

B.1.18. Indicate whether there were any amendments to the Rules of the Board in the year:

YES ☒ NO

B.1.19. Indicate the procedure for appointing, re-appointing, assessing and removing directors. Indicate the competent bodies, the process and the criteria for each procedure.

The Shareholders' Meeting is in charge of appointing and removing Board members. Directors may be re-appointed indefinitely one or more times, for five-year terms.

By virtue of the shareholders' agreements referred to in section A.6. of this report as regards the FCC Directors approved by B-1998, S.L., the Investors may appoint four (4) directors to FCC's Board.

Mrs. Esther Koplowitz Romero de Juseu, or her designated representative, may appoint all of the members of FCC's Board of Directors to which B-1998, S.L. is entitled other than those appointed by the Investors.

Moreover, Chapter IV of the Rules of the Board of Directors, "Appointment and Removal of Directors," establishes the following:

Article 16. "Appointment, ratification or re-appointment of directors"
"Proposals for the appointment or re-election of directors submitted by the Board of Directors to the General Meeting of Shareholders for its consideration, and the appointments made by the Board using the powers of co-optation attributed to it by law must fall upon people of recognised integrity, fitness, technical competence and experience, and must be approved by the Board based on a proposal from the Appointments and Remuneration Committee, in the case of independent directors, and based on a prior report of the Appointments and Remuneration Committee, in the case of other directors."

Article 18. "Term of office"
"1. *The term of office of directors will be that established in the Articles of Incorporation, which may not be more than six years, although directors may be re-appointed.*

2. *The directors appointed by co-optation will hold office until the next General Meeting is held. This period of time will not count toward the term established in the preceding paragraph.*

3. *Directors whose mandates expire or who cease to sit on the Board for any reason may not render services to FCC competitors for two years.*

4. *The Board of Directors, at its discretion, may waive or reduce this limitation for outgoing directors."*

Article 19. "Re-appointment of Directors"
"Prior to proposing re-appointment of any director to the General Meeting of Shareholders, the Appointments and Remuneration Committee must issue a report evaluating the quality of work and dedication of the proposed directors during their previous mandate."

Evaluation:
Article 38.6. "The plenary Board will devote its first meeting each year to an assessment of its own performance during the preceding year, evaluating the quality of its work and the efficacy of its rules and correcting any aspects which have been shown to be dysfunctional. Also, based on a report drawn up by the Appointments and Remuneration Committee, that meeting will assess the performance of the Chairman of the Board and the Company's chief executive, and the performance of the Committees on the basis of the reports issued by them.

Article 20. "Removal of Directors"
"1. *Directors must step down from the Board when their mandates have expired or when so decided by the General Meeting of Shareholders making use of the powers vested in it by law and by the Articles of Incorporation."*

Article 21. "Nature of the Resolutions of the Board on this Subject"
"Pursuant to the provisions of Article 25 of these Rules, the directors being proposed for appointment, re-appointment or dismissal may not participate in the debates or vote on these issues."

B.1.20. Indicate the reasons for which directors may be forced to resign.

Article 20 of the Rules of the Board of Directors states:
"1. *Directors must step down from the Board when their mandates have expired or when so decided by the General Meeting of Shareholders making use of the powers vested in it by law and by the Articles of Incorporation.*

2. *The directors must tender their resignation to the Board of Directors and officially resign at the Board's request in the following cases:*

   a. *In the case of executive directors, when they no longer occupy the positions or perform the functions by virtue of which they were appointed.*

   b. *In the case of proprietary directors, when the shareholder whose interests they represent disposes of its entire holding in FCC or reduces it to such a level that its number of proprietary directors must be reduced.*

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c. *When they fall under a situation of incompatibility or legal disqualification.*

d. *When the Board, by a two-thirds majority, asks the director to resign:*

- *if he or she receives a severe reprimand from the Board due to breach of his or her duties as director, based on a proposal or report by the Appointments and Remuneration Committee or*
- *when his or her permanence on the Board may jeopardise the Company's credibility and reputation, and directors must inform the Board of any criminal charges against them and any subsequent events during trials. In any event, if any director is tried for any of the corporate crimes described in Article 213 of the Capital Companies Act, the Board will examine the case as soon as possible and, based on the specific circumstances, will decide whether or not the director must resign, and it must give a justification in the Annual Corporate Governance Report."*

B.1.21. Explain whether the functions of the Company's top executive fall on the Board Chairman. If so, indicate the measures taken to limit the risk of a single person accumulating power:

YES ☒ NO

Risk-limiting measures
The FCC, S.A. Rules of the Board of Directors control these risks by vesting the powers set out in the following section in an independent director. At the meeting held on 27 January 2010, FCC's Board of Directors appointed Mr. Gonzalo Anes and Álvarez de Castrillón as the independent director to undertake the functions envisaged in the last paragraph of Article 34 of the Rules of the Board of Directors.

State whether the Company has established rules to empower an independent director to request a Board meetings or the inclusion of new business on the agenda; to coordinate and give voice to the concerns of external directors; and to lead the Board's evaluation; detail any such rules:

YES ☒ NO

Explanation of the rules
Article 34.3 of the Rules of the Board establishes the following: *"When a Company's Chairman is also its Managing Director or chief executive, an independent director should be empowered by the Board to request the calling of Board meetings or the inclusion of new business on the agenda, to coordinate and give voice to the concerns of external directors, and to lead the Board's evaluation of the Chairman".*

B.1.22. Is a supermajority, other than the legal majority, required in some decisions?

YES NO ☒

Explain how resolutions are adopted by the Board of Directors, stating at least the quorum and type of majority required to adopt resolutions:

Adoption of resolutions

Description of the resolution	Quorum	Type of majority
Permanent delegation of delegable powers to the Executive Committee, the Chairman or the Managing Directors and the appointment of the Directors who will hold such posts.	Two-thirds of the Board members must be present or represented at the meeting	Two-thirds of the Board members
Other resolutions	Absolute majority	Absolute majority

B.1.23. Detail whether there are specific requirements, other than those relating to directors, for appointing the Board Chairman.

YES NO ☒

Description of requirements
—

B.1.24. Does the Chairman cast the deciding vote?

YES	NO ☒

Issues on which there is a casting vote
—

B.1.25. Indicate if the Articles or Rules of the Board establish an age limit for directors:

YES	NO ☒

B.1.26. Indicate if the Articles of Incorporation or the Rules of the Board establish a term limit for independent directors:

YES ☒	NO

Maximum term in years	12

B.1.27. When there are few or no female directors, indicate the reasons for this situation and the measures taken to correct it:

Detail the reasons and initiatives

In particular, state whether the Appointments and Remuneration Committee has established procedures to ensure that the selection processes have no implicit bias that might hamper the selection of female candidates, and to ensure that female candidates with the right profile are actively sought:

YES

Describe the main procedures
Article 42.3.h) of the Rules of the Board establishes that the Appointments and Remuneration Committee's functions include: "Ensuring that the procedures for filling vacancies on the Board are not subject to implicit bias against the selection of female directors, so as to ensure that the Company deliberately seeks and short-lists women with the necessary professional profile, and the Annual Corporate Governance Report must disclose the reason why there are few or no female directors and the initiatives adopted to correct this situation.

B.1.28. Indicate whether there are formal processes for delegating votes in the Board of Directors. If so, give a brief description.

There are no are formal processes for delegating votes in the Board of Directors.

B.1.29. Indicate the number of Board of Directors meetings held in the year. Also, state the number of times that the chairperson did not attend the Board meeting:

Number of meetings of the Board of Directors	10
Number of Board meetings without the attendance of its Chairman	0

Indicate the number of meetings held by Board Committees in the year:

Number of Executive or Delegated Committee meetings	9
Number of Audit Committee meetings	9
Number of Appointments and Remuneration Committee meetings	6
Number of Strategy and Investment Committee meetings	0

B.1.30. Indicate the number of Board of directors meetings held in the year which were not attended by all members. Proxies granted without specific instructions are not counted as absences:

Number of non attendances of directors during the year	21
% of non attendances over the total votes during the year	11.35

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B.1.31. Indicate whether the individual and consolidated financial statements that are presented for Board approval have been certified:

YES ☒ NO

Indicate any person that has certified the company's individual and consolidated financial statements for Board authorisation:

Name	Position
Mr. Baldomero Falcones Jaquotot	Chairman and CEO
Mr. Antonio Gómez Ciria	Director of Administration and Information Technology
Mr. Víctor Pastor Fernández	Director of Finance

B.1.32. Detail whether the Board of Directors has established any mechanisms to ensure that the individual and consolidated financial statements authorised by it are presented to the Shareholders' Meeting without audit qualifications.

One of the Audit and Control Committee's functions is revision of the financial and economic information published periodically by the FCC Group. This revision is particularly important in the case of the annual report; therefore, prior to the Board of Directors' authorisation of the 2011 financial statements, the Audit and Control Committee thoroughly examined those statements and requested that the external auditor explain the conclusions of its review so that, once the statements were approved by the Board, the external auditor's report would contain no qualifications.

B.1.33. Is the Board secretary a director?

YES NO ☒

B.1.34. Describe the procedures for appointment and removal of the Secretary of the Board, stating whether the Appointments Committee was consulted and the appointment or removal was approved by the full Board:

Appointment and removal procedure
Art. 36.1 of the Rules of the Board: "His appointment and removal must be approved by a full Board meeting based on a proposal by the Appointments and Remuneration Committee".

NOTE:
The current Secretary was appointed before the Appointments and Remuneration Committee was created.

	YES	NO
Is the Appointments Committee consulted on the appointment?	☒	
Is the Appointments Committee consulted on the removal?	☒	
Does the full Board approve the appointment?	☒	
Does the full Board approve the removal?	☒	

Is the Board Secretary entrusted in particular with ensuring compliance with corporate governance recommendations?

YES ☒ NO

Comments

B.1.35. Indicate whether the Company has established mechanisms to maintain the independence of auditors, financial analysts, investment banks and rating agencies.

These mechanisms are included in Article 41.4 of the Rules of the Board which states as follows:

"...

4. The basic function of the Audit and Control Committee is to support the Board of Directors in its supervisory duties by periodically reviewing the processes used to prepare the financial information, the internal controls and the independence of the external auditors.

In particular, the matters that the Board of Directors may entrust to the Audit and Control Committee include, but are not limited to, the following:

a) Informing the General Meeting of Shareholders on the questions raised by shareholders which fall within its scope of authority.

b) Liaising between the Board of Directors and the external auditor, evaluating the results of each audit, with the following additional duties with respect to the external auditor: (i) Making recommendations to the Board of Directors for the selection, appointment, re-appointment and removal of the external auditor, and the terms and conditions of his or her engagement; (ii) receiving regular information from the external auditor on the progress and findings of the audit programme, and checking that senior management are acting on its recommendations; (iii) discussing with the external auditors any significant weaknesses found in the internal control system as a results of the audits conducted; (iv) ensuring the independence of the external auditor and, in particular, establishing appropriate measures to ensure that: 1) contracting consulting services with that auditor or a company of its group does not jeopardise its independence, to which end the Committee will receive an annual report from the auditors confirming in writing their independence in respect of the Company or the entities directly or indirectly related to and information on any additional services of any kind rendered to the companies by the auditors or by persons or entities related to the auditors, as provided for in the Auditing Act; and 2) the Company issues a regulatory disclosure to the CNMV as regards the change in auditor, with a statement about any disagreements with the outgoing auditor and their nature; where the external auditor resigns, the Committee must examine the reasons; (iv) and seeking to ensure that the Company's auditor takes responsibility for auditing the companies comprising the Group.

c) Issuing a report each year, prior to the publication of the audit report, expressing an opinion on the independence of the Company’s auditors. This report must necessarily address any additional services of the kind referred to in section b) (iii) 1 above.

d) Supervising the Company's internal audit units that oversee the good working of the information and internal control systems; the head of internal audit is obliged to present an annual work plan to the Committee and inform it directly of any incidents arising in the course of implementing the plan, as well as submitting a report on activities to the Committee at the end of each year.

e) Supervising and analysing the risk control and management policy, identifying at least: (i) the different types of risk to which the Company is exposed, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks; (ii) the determination of the risk level the Company sees as acceptable; (iii) the measures in place to mitigate the impact of risk events, should they occur; (iv) and the internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks, and submission to the Board for approval.

f) Supervising the preparation and presentation of the annual financial statements and directors' report of the Company and the consolidated group, and of the information released periodically to the markets, checking for compliance with legal provisions and the correct application of generally accepted accounting principles, and informing the Board before it adopts any of the following decisions: (i) the financial information that the Company must release periodically by virtue of being listed, ensuring that the interim financial statements are drawn up in accordance with the same accounting principles as the annual financial

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statements and, to this end, considering the advisability of a limited review by the Company's external auditor; (ii) and the creation, or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the FCC group.

g) With respect to internal control and reporting systems: (i) monitoring the preparation and the integrity of the financial information prepared on the Company and, as the case may be, the Group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles; (ii) reviewing internal control and risk management systems on a regular basis, to ensure that the main risks are properly identified, managed and disclosed; (iii) monitoring the independence and efficacy of the internal audit function; proposing the selection, appointment, re-appointment and removal of the head of internal audit; proposing that department's budget; receiving regular reports on its activities; and verifying that senior management are acting on the findings and recommendations of its reports; (iv) receiving confidential (though not anonymous) written reports from employees about possible material irregularities, particularly of a financial or accounting nature, that they observe in any FCC Group Company; (v) and ensuring that the internal codes of conduct and the rules of corporate governance comply with the requirements of law and are appropriate for the Company, and reviewing compliance, by the persons governed by those codes and governance rules, of their obligations to inform the Company.

h) Issuing reports and proposals as requested by the Board of Directors or the Chairman of the Board and those it deems appropriate for the best performance of its functions, particularly the report on proposed amendments to these Rules, as provided in Article 4.3.

i) Deciding on requests for information presented by directors, by virtue of Article 30.3 of these Rules, to the Committee, and requesting the inclusion of any items on the agenda of Board meetings, in the conditions and time periods established in Article 38.3 of these Rules.

B.1.36. State whether the Company changed its external auditor during the year. If so, identify the incoming and outgoing auditor:

YES	NO ☒

Outgoing auditor	Incoming auditor

If there was a disagreement with the outgoing order, describe it:

YES	NO

Explanation of disagreement

B.1.37. Indicate whether the audit firm performs work for the Company and/or its group other than auditing and, if so, state the fees received for such work and those fees as a percentage of total fees billed to the Company and/or its group.

YES ☒	NO

	Company	Group	Total
Amount of other non-audit jobs (thousand Euros)	7	578	585
Amount of non-audit jobs/total amount billed by audit firm (in %)	3.08	13.86	13.30

B.1.38. State whether or not the auditors' report on the previous year's financial statements was qualified. If it was, state the reasons given by the Chairperson of the Audit Committee to explain the content and scope of the qualification or exception.

YES	NO ☒

Explanation of the reasons

B.1.39. Indicate the number of consecutive years that the current audit firm has been auditing the financial statements of the Company and/or its group. Also, indicate the number of years audited by the current audit firm as a percentage of the total number of years in which the financial statements have been audited:

	Company	Group
Number of consecutive years	22	22

	Company	Group
Number of years the current audit firm has audited/ number of years the Company has been audited (%)	100	100

B.1.40. Indicate the shareholdings of the members of the Company's Board of Directors in the share capital of companies engaged in the same, similar or complementary activities as that of the corporate purposes of the Company and group, of which the Company is aware. Likewise, include the offices or functions held or undertaken in such companies:

Name of director	Name of company	% stake	Position or functions

B.1.41. Indicate whether there is a procedure for directors to engage external consultants and, if so, provide details:

YES ☒ NO

Detail the procedure

The Board Regulations in its Article 31. "Help of Experts" reads:

Article 31 "Expert assistance" of the Rules of the Board states that:

"1. In order to assist them in discharging their duties, external directors are entitled to obtain the necessary assistance from the Company to discharge their duties and, where necessary, to obtain advice, at FCC's expense, from legal, accounting and financial consultants and other experts.

2. Requests to engage external consultants or experts must be referred to the Chairman of FCC and will be approved by the Board of Directors if it considers that:
   a. it is necessary for the proper performance by independent directors of their assigned duties,
   b. the cost is reasonable, in view of the materiality of the problem and the assets and revenues of FCC, and
   c. the technical assistance cannot be properly provided by internal FCC experts or technical personnel.

3. Requests for expert assistance by any of the Board Committees may not be denied except when a majority of the Board members considers that the conditions envisaged in paragraph 2 of this article are not met."

B.1.42. Indicate whether there is a procedure for directors to have the necessary information to prepare for the meetings of the governing bodies with sufficient time and, if so, provide details:

YES ☒ NO

Detail the procedure

Article 38 "Meetings of the Board of Directors" of the Rules of the Board defines the procedure as follows:

"1. The Board of Directors must meet with the necessary frequency to properly perform its functions, and whenever the interests of FCC require, in accordance with a calendar and agendas set at the beginning of the year, to which each director may propose the addition of other items not initially envisaged in the agenda, which proposal must be made not less than thirteen days prior to the date scheduled for the meeting. The calendar of the ordinary meetings will be set by the Board at the beginning of each year.

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The calendar may be modified by decision of the Board itself or of the Chairman, who will notify the directors of the change at least ten days in advance of the original meeting date, or of the modified meeting date if it is earlier.

2. The announcement of the ordinary meetings will be sent by post, fax, e-mail or telegram and will be authorised with the signature of the Chairman or his alternate or the Secretary or Vice-Secretary, by order of the Chairman.
Notwithstanding the provisions of Article 30 of the Articles of Incorporation, every effort will be made to announce the meetings not less than ten days in advance.
Along with the announcement of each meeting, the directors will be provided with the meeting agenda and the pertinent documentation to enable them to form an opinion and vote on the issues submitted to them for their consideration.
In emergency situations, at the Chairman's discretion, an immediate meeting of the Board of Directors may be called, in which case the meeting agenda will be limited to the urgent matters.
3. The Chairman will decide the meeting agenda. The directors and the Board Committees may ask the Chairman to include items on the agenda in the terms envisaged in section 1 of this article, and the Chairman will be obliged to include them.
When a specific item is included on the meeting agenda at the request of the directors, then the directors who requested the inclusion of that item must forward the pertinent documentation along with their request or identify the pertinent documentation so that it can be forwarded to the rest of the Board members.
In view of the directors' duty of confidentiality, every effort will be made to ensure that the importance and confidential nature of the information is not used as a pretext for breaching this rule, except under exceptional circumstances at the Chairman's discretion.
4. Board meetings may be held via telephone multiconference, videoconference or any other analogous system so that one or more directors can attend the meeting via that system. For that purpose, in addition to stating the location where the meeting is physically held, which is where the Board Secretary must be located, the announcement must state that directors can attend via telephone multiconference, videoconference or an equivalent system, indicating and making available the technical means for this purpose, which in all cases must enable direct, simultaneous communication among attendees.

The Secretary of the Board of Directors must enter, in the minutes of meetings held in this way, in addition to the names of the directors physically in attendance or represented by another director, those who attended via telephone multiconference, videoconference or an equivalent system."

B.1.43. State whether the Company has rules obliging directors to inform the Board of any circumstance that might harm the organisation's name or reputation, and describe any that exist:

YES ☒	NO

Explain the rules:

According to Article 29 of the Rules of the Board of Directors' duty of disclosure, "*Directors must disclose the following to FCC's Appointments and Remuneration Committee through the Corporate Responsibility Department or any unit that takes its place: d. Legal, governmental, or any other type of claim which, due to its significance, could have a serious effect on the reputation of FCC.*"

Article 20.2.d) on Removal of Directors states that "Directors must tender their resignation to the Board of Directors and, if the latter sees fit, resign in the following cases: when their permanence on the Board may jeopardise the Company's credibility and reputation, and directors must inform the Board of any criminal charges against them and any subsequent events during trials. In any event, if any director is tried for any of the corporate crimes described in Article 124 of the Public Limited Companies Act, the Board will examine the case as soon as possible and, based on the specific circumstances, will decide whether or not the director must resign, and it must give a justification in the Annual Corporate Governance Report."

B.1.44. State whether any member of the Board of Directors has informed the Company that he has been charged with, or tried for, any of the crimes covered by Article 124 of the Public Limited Companies Act:

YES	NO ☒

B.2. Board of Directors Committees

B.2.1. List the Committees of the Board of Directors and their members:

EXECUTIVE OR DELEGATE COMMITTEE

Name	Position	Type of director
Mr. Baldomero Falcones Jaquotot	Chairman	Executive
Mr. Fernando Falcó y Fernández de Córdova	Director	Proprietary
Mrs. Esther Alcocer Koplowitz on behalf of Dominum Desga, S.A.	Director	Proprietary
Mrs. Alicia Alcocer Koplowitz on behalf of Eac Inversiones Corporativas, S.L.	Director	Proprietary
Mr. Juan Castells Masana	Director	Proprietary
Mr. Jaime Llantada Aguinaga on behalf of Cartera Deva, S.A.	Director	Proprietary
Mr. Francisco Vicent Chuliá	Secretary Non-member	
Mr. Felipe B. García Pérez	Assistant Secretary Non-Member	Executive

AUDIT AND CONTROL COMMITTEE

Name	Position	Type of director
Mr. Gonzalo Anes y Álvarez de Castrillón	Chairman	Independent
Mrs. Esther Alcocer Koplowitz on behalf of Dominum Desga, S.A.	Director	Proprietary
Mrs. Alicia Alcocer Koplowitz on behalf of Eac Inversiones Corporativas, S.L.	Director	Proprietary
Mr. Fernando Falcó y Fernández de Córdova	Director	Proprietary
Mr. Juan Castells Masana	Director	Proprietary
Mr. José María Verdú Ramos	Non-member Secretary	—

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Type of director
Mrs. Esther Alcocer Koplowitz on behalf of Dominum Desga, S.A.	Chairman	Proprietary
Mr. Fernando Falcó y Fernández de Córdova	Director	Proprietary
Mrs. Alicia Alcocer Koplowitz on behalf of Eac Inversiones Corporativas, S.L.	Director	Proprietary
Mrs. Carmen Alcocer Koplowitz on behalf of Dominum Dirección y Gestión, S.L.	Director	Proprietary
Mr. Rafael Montes Sánchez	Director	Proprietary
Mr. Antonio Pérez Colmenero	Director	Proprietary
Mr. Jaime Llantada Aguinaga on behalf of Cartera Deva, S.A.	Director	Proprietary
Mr. Gonzalo Anes y Alvarez de Castrillón	Director	Independent
Juan Castells Masanavocal	Director	
Mr. José María Verdú Ramos	Non-Member Secretary	—

STRATEGY COMMITTEE

Name	Position	Type of director
Mrs. Esther Koplowitz Romero de Juseu on behalf of B-1998, S.L.	Chairman	Proprietary
Mrs. Esther Alcocer Koplowitz on behalf of Dominum Desga, S.A.	Director	Proprietary
Mrs. Alicia Alcocer Koplowitz on behalf of Eac Inversiones Corporativas, S.L.	Director	Proprietary
Mrs. Carmen Alcocer Koplowitz on behalf of Dominum Dirección y Gestión, S.L.	Director	Proprietary
Mr. Fernando Falcó y Fernández de Córdova	Director	Proprietary

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Name	Position	Type of director
Mr. Javier Ribas	Director	Independent
Mr. Rafael Montes Sánchez	Director/ Secretary	Proprietary
Mr. Juan Castells Masana	Director	Proprietary
Mr. Jaime Llantada Aguinaga on behalf of Cartera Deva, S.A.	Director	Proprietary
Mrs. Lourdes Martínez Zabala on behalf of Larranza XXI, S.L.	Director	Proprietary

B.2.2. Indicate which of the following functions are attributed to the Audit Committee:

	Yes	No
Monitor the preparation and the integrity of the financial information prepared on the Company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidation scope, and the correct application of accounting principles.	☒	
To periodically check the systems of internal control and risk management, in order that the principal risks are identified, managed and announced adequately.	☒	
Monitor the independence and efficacy of the internal audit function; propose the selection, appointment, re-appointment and removal of the head of internal audit; propose the department's budget; receive regular reports on its activities; and verify that senior management are acting on the findings and recommendations of its reports.	☒	

	Yes	No
Establish and supervise a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the firm.	☒	
Make recommendations to the Board for the selection, appointment, reappointment and removal of the external auditor, and the terms and conditions of his engagement.	☒	
Receive regular information from the external auditor on the progress and findings of the audit programme, and check that senior management are acting on its recommendations.	☒	
Monitor the independence of the external auditor	☒	
In the case of groups, the Committee should urge the group auditor to take on the auditing of all component companies.	☒	

B.2.3. Describe the rules that govern each Board Committee and their responsibilities:

****EXECUTIVE COMMITTEE**

This Committee is governed by Article 36 of the Articles of Incorporation of FCC, which are extracted below:

"... The Executive Committee will be convened by the Chairman himself or upon the request of two Committee members. The notice will be sent by letter, telegram, e-mail or fax to each of the Committee members at least 48 hours in advance of the meeting date. The Executive Committee may be convened immediately for reasons of urgency, in which case the meeting agenda will be limited to the issues which caused the urgency.

The meetings shall be held at the Company's registered offices or another location designated by the Chairman and indicated in the announcement.

In order for the Executive Committee to be quorate, there must be a majority of members present or represented.

Absent members may be represented by another member of the Executive Committee by notifying the Chairman in writing.

The deliberations will be directed by the Chairman. If the Chairman is absent, the meeting will be chaired by a Committee member chosen by majority vote of those in attendance

The Chairman will give the floor to those attendees who wish to speak.

Resolutions will be passed by absolute majority of the Committee members.

In the event of a tie, the matter will be forwarded to the Board of Directors. In this case, the members of the Executive Committee will request that a meeting be convened as provided for in Article 30 of the Articles of Incorporation."

Additionally, Article 40 of the Rules of the Board of Directors establishes that:

2. *"....The Board of Directors will designate the directors to form part of the Executive Committee, ensuring as far as possible that its structure is similar to that of the Board itself in terms of the various categories of director. The Secretary of the Board will also be the secretary of the Executive Committee.*
3. *The Executive Committee will be composed of a minimum of five and a maximum of ten members.*
4. *The members of the Executive Committee will step down from the Committee when they cease to be directors or when decided by the Board.*
5. *Any vacancies arising will be filled as quickly as possible by the Board of Directors.*
6. *In the absence of the Chairman of the Executive Committee, a Committee member will be chosen to perform his functions.*
7. *The Executive Committee will hold ordinary meetings in the months when a Board of Directors meeting is not scheduled, apart from the month of August, and it may meet on an extraordinary basis when required by the Company's interests. Along with the announcement of each meeting, the members of the Executive Committee will be provided with the pertinent information they need to form an opinion and vote.*
8. *The Executive Committee will be convened as established in Article 35 of the Articles of Incorporation, although, except in the event of a justified emergency, every effort will be made to ensure at least ten days' advance notice. Along with the announcement of each meeting, the members of the Executive Committee will be provided with the pertinent information they need to form an opinion and to vote.*
9. *The Executive Committee will be quorate when at least one-half plus one of its members are present or represented at the meeting.*
10. *The Committee, through its Chairman, will inform the Board of the business transacted and the decisions made by the Committee, and a copy of the minutes of each meeting will be given to each director.*
11. *In all other matters, the Executive Committee will be governed by the pertinent provisions of the Articles of Incorporation and, supplementarily, by the provisions relating to the Board of Directors contained in the Articles of Incorporation and these Rules."*

**AUDIT AND CONTROL COMMITTEE:

This Committee is governed by Article 41 of the Rules of the Board of Directors. It must comprise at least three directors designated by the Board of Directors having regard to their knowledge and experience of accounting, auditing or risk management; all of its members will be external directors, and the Committee will appoint a Chairman from among its members, who will hold office for no more than four years; it may also appoint a Vice-Chairman. The term of the members of the Committee may not exceed their terms as directors, notwithstanding the possibility that they may be re-appointed indefinitely so long as they are also re-appointed as directors.

At least one of the members of the Audit and Control Committee must be an independent director and will be appointed based on his/her accounting and/or auditing expertise and experience.

The Secretary and Vice-Secretary, if any, shall be chosen by the Committee and need not be Board members.

The members of the Committee may obtain advice from external professionals. These advisers will attend the meetings and may speak but not vote.

The basic function of the Audit and Control Committee is to support the Board of Directors in its supervisory duties by periodically reviewing the processes used to prepare the financial information, the internal controls and the independence of the external auditors.

Its main responsibilities include:

- Informing the General Meeting of Shareholders on the questions raised by shareholders which fall within its scope of authority.
- Liaising between the Board of Directors and the external auditor, evaluating the results of each audit.
- Supervising the Company’s internal auditing services.

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- Analysing the risk control and management policy.
- Supervising the process of drafting the separate and consolidated financial statements and directors' reports and the regular financial disclosures to the market.
- Issuing a report each year, prior to the publication of the audit report, expressing an opinion on the independence of the Company's auditors. This report must necessarily address any additional services rendered.

**APPOINTMENTS AND REMUNERATION COMMITTEE

This Committee is governed by Article 42 of the Rules of the Board of Directors.

"1. *It will be composed of a minimum of three Board members appointed by the Board of Directors. The majority of its members will be external directors and the Chairman will be appointed from among the latter. The term of the members of the Appointments and Remuneration Committee may not exceed their terms as directors, notwithstanding the possibility that they may be re-appointed indefinitely so long as they are also re-appointed as directors.*

2. *The Appointments and Remuneration Committee will designate a Secretary, who need not be a member of the Committee, to aid the Chairman and provide for the smooth operation of the Committee, duly reflecting, in the meeting minutes, the business transacted, the deliberations and the resolutions adopted; the minutes must be signed by the members of the Committee who attended the meeting in question. The members of the Appointments and Remuneration Committee will step down from the Committee when they step down as directors or when decided by the Board of Directors."*

3. *The Appointments and Remuneration Committee will have the powers to inform, advise and propose within its areas of competence, and it will have the following functions in particular, in addition to those already indicated in these Rules:*

   a) *Evaluating the balance of skills, knowledge and experience on the Board, defining the roles and capabilities required of the candidates to fill each vacancy, and deciding the time and dedication necessary for them to properly perform their duties. Any director member may suggest directorship candidates to the Appointments and Remuneration Committee for its consideration.*

   b) *Examining or organising appropriately the succession of the Chairman and Chief Executive, making recommendations to the Board so the handover proceeds in a planned and orderly manner.*

   c) *Proposing the appointment and re-appointment of independent directors and advising on proposals for the appointment and re-appointment of the other directors.*

   d) *Advising on proposals to maintain independent directors in their positions after 12 years and advising on proposals for the removal of independent directors, in accordance with Article 20.3.*

   e) *Advising on the appointment and removal of senior executives proposed to the Board by the chief executive, and proposing the candidates for senior executive positions in the Company, in addition to those envisaged in Article 2.2. of these rules, and making the proposals for reprimands envisaged in Article 20.2.d) of these Rules. The Committee will also issue a report before any appointment to a position or office whose annual remuneration is equal to or greater than the figure established by the Appointments and Remuneration Committee and reported to the Board of Directors in each case.*

   f) *Overseeing compliance with the Company's remuneration policy and, in particular, proposing to the Board of Directors the remuneration policy for directors and senior executives, the remuneration of the executive directors and the other conditions of their contracts, and the basic conditions for the contracts for senior executives, advising and proposing on multi-year incentive plans for the Company's senior management, particularly those related to the value of the shares.*

   g) *Preparing and maintaining a record of the status of directors and senior executives of FCC.*

   h) *Ensuring that the procedures for filling vacancies on the Board are not subject to implicit bias against the selection of female directors, so as to ensure that the Company deliberately seeks and short-lists women with the necessary professional profile, and the Annual Corporate Governance Report must disclose the reason why there are few or no female directors and the initiatives adopted to correct this situation.*

i) Advising on the proposed appointment of members of the Board of Directors Committees.
j) Advising on the appointment and removal of the Secretary of the Board.
k) Verifying the qualifications of the directors under Article 6.4.
l) Receiving the information provided by directors under Article 24.2 of these Rules.
m) Advising on any professional or commercial transactions referred to in Article 25.3 of these Rules.
n) Advising on the use, for the benefit of a director, of business opportunities or assets of FCC which have been previously studied and ruled out by the FCC Group, as referred to in Article 27.1 and 27.3 of these Rules.

4. The Appointments and Remuneration Committee will regulate its own operations to the extent that they are not regulated in the Articles of Incorporation and these Rules, whose provisions relating to the operation of the Board of Directors will apply supplementarily inasmuch as this is possible considering the nature and functions of the Committee.
5. "The Appointments and Remuneration Committee will have access to all of the documentation and information needed to perform its functions. The members of the Appointments and Remuneration Committee may be assisted during their meetings by up to two advisers per Committee member, as required. Such advisors may attend meetings but not vote, and the provisions of Article 31 of these Rules will apply to them.
6. The Committee will meet periodically, at least once per quarter, and when convened by the Chairman or requested by two Committee members. On a yearly basis, the Committee will draft an action plan for the coming year which it will submit to the Board.

**STRATEGY COMMITTEE:

This Committee is governed by Article 43 of the Rules of the Board of Directors.

"1. *Its members will be appointed by the Board of Directors for a period not to exceed their terms as directors, notwithstanding the possibility that they may be re-appointed indefinitely to the extent that they are also re-appointed as directors. The majority of the members of the Strategy Committee will be external directors.*
2. *The Strategy Committee will choose a Chairman from among its non-executive members. The Committee will also designate a Secretary, who need not be a member of the Committee, to aid the Chairman and provide for the smooth operation of the Committee, duly reflecting, in the meeting minutes, the business transacted, the deliberations and the resolutions adopted.*
3. *The members of the Strategy Committee will step down from the Committee when they cease to be directors or when decided by the Board."*
4. *It is a function of the Strategy Committee to assist the Board of Directors in determining the Group's strategy based on the guidelines set out by the Board, preparing such reports and motions as may be necessary.*
6. *To perform its functions optimally, the Strategy Committee may seek the advice of external professionals, in which case the provisions of Article 31 of these Rules will apply.*
7. *The members of the Strategy Committee may be assisted during their meetings by up to two advisers per Committee member, as required. These advisers may speak at the meetings but may not vote.*
8. *The Strategy Committee will meet periodically and as convened by the Chairman or requested by two Committee members. On a yearly basis, the Committee will draft an action plan for the coming year which it will submit to the Board.*
9. *The minutes of each Committee meeting will be drafted and signed by the Committee members in attendance.*
10. *Any member of the Company's management team or personnel who is asked to attend the Strategy Committee's meetings will be obliged to attend, collaborate and provide the information at his disposal.*
11. *The Strategy Committee will have access to all of the documentation and information needed to perform its functions.*
12. *The Strategy Committee will regulate its own operations to the extent that they are not regulated in these Rules and in the Articles of Incorporation, whose provisions relating to the operations of the Board of Directors will apply supplementarily inasmuch as this is possible considering the nature and functions of the Committee."*

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B.2.4. Indicate the advisory and consultative powers and, where applicable, any powers delegated to each Committee:

The delegation of powers to the Board Committees is governed by Article 40 of the Rules of the Board of Directors and Article 35 of the Articles of Incorporation.

All the duties and powers necessary to conduct the Company's business are permanently vested in the Executive Committee, except for those powers declared to be non-delegable under Article 141.1 of the Public Limited Companies Act and those reserved for the full Board of Directors, as set out in Article 7 of the Rules of the Board of Directors.

In the exercise of the powers and duties referred to above, the Executive Committee may empower others to act either individually or jointly with other representatives, setting the scope, limitations and conditions it deems pertinent. The Executive Committee may also revoke the powers thus granted.

Article 40.1 of the Rules of the Board of Directors establishes that "*The Board may set up an Executive Committee in which it may permanently delegate all of the powers vested in the Board of Directors with the exception of those which, by law or under the Articles of Incorporation or these Rules, may not be delegated. Unless otherwise stipulated in the delegation of powers by the Board of Directors, the Executive Committee will have specific responsibility for deciding on investments, divestments, credits, loans, guarantee and surety lines and other financial facilities for unit amounts not exceeding the figure that is established in each case in accordance with Article 7.2.j).*
In situations of emergency, the Executive Committee will exercise the following powers attributed to the Board of Directors, under Article 8 of these Rules, which must be reported to the Board of Directors for subsequent ratification: the appointment and removal of senior executives and their indemnity clauses, periodic public financial information, strategic investment and transactions, and those covered by Article 8.3.f)."

As regards the advisory and consultation powers of Committees, see section B.2.3.

B.2.5. Indicate any rules governing the Committees of the Board of Directors, where they are made available for consultation and any changes to these rules during the year. Also, indicate if an annual report on each Committee's activities has been drafted voluntarily.

The Rules of the Board of Directors as amended on 7 April 2011 regulate the workings of the various Board Committees: Executive Committee (Article 40), Audit and Control Committee (Article 41), Appointments and Remuneration Committee (Article 42) and Strategy Committee (Article 43).

As provided in Article 38.6 of the Rules of the Board of Directors ("*The plenary Board will devote its first meeting each year to an assessment of its own performance during the preceding year, evaluating the quality of its work, and the efficacy of its rules and correcting any aspects which have been shown to be dysfunctional. Also, based on a report drawn up by the Appointments and Remuneration Committee, that meeting will assess the performance of the Chairman of the Board and the Company's chief executive, and the performance of the Committees on the basis of the reports issued by them.*"), *on 27 January 2010 the Board of Directors evaluated its own performance and that of its Committees in 2009.*

This evaluation covered not only the performance of the Board but also that of all Committees (Executive Committee, Audit and Control Committee, Appointments and Remuneration Committee, and Strategy Committee).

The Board of Directors, its Committees and the Chairman and Chief Executive discharged their duties and functions superbly, in line with all existing procedures, and they undertook to continuously improve their performance. The evaluation also highlighted that the various Committees supported the launch of various products aligned with Group strategy, which made the Board more efficient and transparent in pursuit of its primary goal: safeguarding the Company's interests, i.e. maximising the Company's economic value on a sustainable basis in accordance with Article 22.1 of the Rules of the Board of Directors and Recommendation 7 of the Unified Code of Corporate Governance for Listed Companies.

B.2.6. Indicate if the executive Committee's composition reflects the composition of the Board in terms of director type:

YES NO ☒

If not, detail the composition of the executive Committee

The composition of the Executive Committee is as follows: 83.3% external directors and 16.7% executive directors; the composition of the Board of Directors is: 88.9% external directors and 11.1% executive directors.

C. RELATED PARTY TRANSACTIONS

C.1. Has the Board of Directors, in plenary session, reserved for itself the power to approve, subject to a favourable report by the Audit Committee or any other Committee entrusted with such duties, the Company's transactions with directors, significant shareholders or shareholders with Board representation or with persons related to any of them?

YES ☒ NO

C.2. Detail significant transactions involving a transfer of funds or liabilities between the Company or subsidiaries in its group and significant shareholders of the Company:

Name of significant	Name of group company or entity	Nature of relationship	Type of transaction	Amount (thousand euro)

C.3. Detail transactions involving a significant transfer of funds or liabilities between the Company or subsidiaries in its group and directors or executives of the Company:

Name of director or executive	Name of group company or entity	Nature of the transaction	Type of transaction	Amount (thousand euro)
Dominum Desga, S.A.	Servicios Especiales de Limpieza, S.A.	Contractual	Cleaning Serivices	3,772.14
B-1998, S.L.	FCC Medio Ambiente, S.A.	Contractual	Cleaning Services	1,800.91
Total				5,573.05

C.4. Detail the significant transactions between the Company and other companies in the group, except those that are eliminated in consolidation or do not form part of the Company's normal operations with regard to their purpose and conditions:

Name of group entity	Brief description of transaction	Amount (thousand euro)
—	—	—

NOTE:
There are many transactions between group companies in the ordinary course of their business which are eliminated in the process of drawing up the consolidated financial statements.

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C.5. Identify any conflicts of interest of Company directors, in accordance with Article 127 ter of the Public Limited Companies Act.

YES	NO ☒

The Management of Fomento de Construcciones y Contratas, S.A. have reported that they do not carry out, either for their own account or that of others, any activities that are identical, similar or complementary to the corporate purpose of the Company.

Mrs. Esther Koplowitz Romero de Juseu who represents B-1998, S.L. on the Board of Directors of FCC, is also a member of the Board of Directors of Veolia Environnement, S.A. Henri Proglio, member of the Board of Directors of FCC, is also a member of the Board of Directors of Environnement, S.A. and Chairman of Electricité de France (EDF).

The other members of the Board of Directors do not hold interests in the share capital of companies whose corporate purpose is identical, similar or complementary to that of Fomento de Construcciones y Contratas, S.A.

C.6. Describe the mechanisms established to detect, determine and resolve possible conflicts of interest between the Company and/or the group and its directors, executives or significant shareholders.

Article 25.2, 25.3, 25.4, 25.5 and 25.6 of the Rules of the Board of Directors establishes that Directors must give due advance notice to the Board, via the Corporate Responsibility Department or any other that takes its place, of any situation that may give rise to a conflict of interest with the Company or any of the companies in the FCC group of companies or their related companies. Under Article 25.3, "In the following cases, the prior written consent of the Board of Directors of FCC, which may not be delegated, based on a favourable report from the Appointments and Remuneration Committee, will be required:

a. Provision by a director or a related party to companies of the FCC Group of professional services other than those deriving from executive directors' employment relationship.
b. Sale or disposal by any other means, for good and valuable consideration of any type, of supplies, materials, goods or rights in general by a director, significant shareholder or shareholder represented on the Board, or their related parties, to companies of the FCC Group. For this purpose, related party is as defined in Article 127 ter.5 of the Public Limited Companies Act.
c. Transfer of supplies, materials, goods or rights in general outside the seller's normal course of business by a company of the FCC Group to a director, significant shareholder or shareholder represented on the Board, or their related parties
d. Provision of works or services or the sale of materials by companies of the FCC Group to a director, significant shareholder or shareholder represented on the Board, or their related parties, in the normal course of the former's business, at lower than market prices.

4. The authorisation referred to in item 4 above will not be necessary for related-party transactions that fulfil all of the following three conditions:

   a. They are governed by standard form agreements applied on an across-the-board basis to a large number of clients.
   b. They are performed at market prices or rates generally set by the person supplying the goods or services.
   c. Their amount is no more than 1% of the Company's annual revenues.

5. In any event, all material transactions of any kind between directors and FCC, its subsidiaries or associated companies must be disclosed in the Annual Corporate Governance Report. This obligation extends to material transactions between the Company and its significant shareholders (direct and indirect)."

   Under Article 25.1 "An indirect interest on the part of the director is likewise considered to exist when that matter affects a related party."

C.7. Is more than one Group company listed in Spain?

YES ☒	NO

Listed subsidiaries
Cementos Portland Valderrivas, S.A.

Has a public definition been established describing precisely the respective business relationships between the parent company and the listed subsidiary, and between the listed subsidiary and other group companies?

YES	NO ☒

Define any business relationships between the parent company and the listed subsidiary, and between the listed subsidiary and other group companies.

Identify the mechanisms in place to resolve possible conflicts of interest between the listed subsidiary and other group companies:

Mechanisms for resolving conflicts of interest

D. RISK CONTROL SYSTEMS

D.1 Describe the risk policy of the Company and/or its group, detailing and assessing the risks covered by the system, and justify why those systems conform to each type of risk.

1. Risk Management at FCC

As established in the eighth recommendation of the Unified Code of Good Corporate Governance for Listed Companies published by the CNMV, and as described in the eighth article of the Rules of the Board of Directors, among the Group's general policies and strategies that are reserved for the approval of the Board of Directors due to their impact on the Group's business are the risk control and management policies and the regular monitoring of internal reporting and control systems.

The Board of Directors is supported in this regard by the different governing bodies and Committees described in part D.3.

FCC's general commitment to risk management takes the form of a series of corporate policies, including those established in the Manual of General Guidelines, a specific, universal and dynamic risk management system and other risk control systems that are described later in this section.

2. General Rules of Organisation and Operation

The Group's general organisational and operating rules provide the framework applicable to all members of the organisation, the powers vested at each hierarchical level and the basic principles guiding the operating processes in order to mitigate the most significant risks. These principles serve as the foundation for the more specific rules governing the processes in each business area or function. The Manual of General Guidelines, which encompasses all of these, is divided into different sections, chapters and parts. sections, chapters and part:

> Section 10: Structure (governing bodies, organisation and functions)
> Section 20: Personnel
> Section 30: Investments
> Section 40: Clients
> Section 50: Purchases and supplier relations
> Section 60: Legal aspects
> Section 70: Proxies
> Section 80: Communications and corporate image
> Section 90: Information safety
> Section 100: Various

3. Risk management system

3.1. Organisation and operation

The FCC Group has a comprehensive risk management policy that will enable it to deal effectively with all of the risks to which its business operations are exposed. The chosen model includes the devising an advance risk map using Enterprise Risk Management (Coso

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II) methodology which provides management with valuable information and contributes to the definition of the Group's strategy. The tool is used at the regularly schedule risk Committee meetings to analyse and evaluate the risk maps of the different business areas.

Supported by the people responsible for risk management in the different business areas, whose activities its coordinates, the Risk Management and Control Area is currently in the process of updating and improving both the definition and assignment of risk management in the operating area and the following risk management procedures and methodologies:

- Identifying key risks for the FCC Group based on the potential threat they pose to the achievement of the Group's objectives.
- Evaluating risks. The risk evaluation scales are defined in terms of the potential impact they could have if they were to materialise and the likelihood that they will occur.
- Categorising risk, having defined a new type which is summarised in part 3.2) below
- Optimising risk control through the establishment and implementation of action plans for the most relevant risk, including measuring and monitoring indicators.
- Mechanisms for periodically reporting the results of the risk evaluation and monitoring process and the materialisation of risks.
- Implementation of specific procedures for documenting risk management in the decision-making process.
- Periodically and systematically updating the risk evaluation process and controls described above.

3.2. Risk Classification

The FCC Group, in keeping with the best business practices in this field and applying the Coso II methodology, has classified its risks as follows:

a. Strategic risks. These are the key risks related to the Group's strategy and hence managed on a priority basis. These risks are related to the markets/countries/sectors where the FCC Group operates. Also included in this category are reputational, innovation and economic planning risks.
b. Operating risks. These risks are related to operations management and the chain of value of each one of the business areas where the FCC Group operates. They include the risks related to tender and contracting processes, selection of partners, subcontractors and suppliers, human resource management and permanent personnel training.
c. Compliance risks. These are the risks affecting internal and external regulatory compliance, including those relative to the compliance with the code of ethics of the FCC Group, compliance with applicable laws regarding legal, fiscal, ICFR, data protection, quality, environmental, information safety and occupational risk prevention matters.
d. Financial risk. Risks associated with the financial markets and with the generation and management of cash. Financial risks include those related to liquidity, cash management, access to financial market, exchange rates and interest rates.

4. Risk control systems

4.1. Strategic risk control

The key systems for controlling strategic risks include the following:

Strategic/market/country planning

The FCC Group's strategic planning process entails the identification of objectives to be met in each activity area, based on the improvements to be introduced, the market opportunities present and the level of risk considered acceptable. On the basis of this process, the Group designs operating plans specifying the targets to be achieved each year.

Progress toward the targets established during the planning process is reviewed periodically along with the evolution of risks, analysing irregularities revealed at all levels of responsibility and taking the appropriate corrective measures.

To mitigate the market risks inherent to each line of business, the Group maintains a diversified position between businesses related to infrastructure construction and management, environmental services, energy and others. These business areas are therefore exposed to growth risks associated with transportation infrastructures, environmental activities, renewable energies and water, along with the recurring service concessions that are complementary to the construction business and more dependent on economic growth and capital investments.

Turning now to geographical diversification, in 2011 the Group reached a milestone in terms of the percentage of sales from foreign business, which for the first time in more than 100 years of existence accounted for 51% of the total, with special emphasis on the Group's three core areas: infrastructure construction, environmental services and energy. The Group's foreign presence is concentrated in OECD countries and selectively in emerging economies, where the Group carefully analyses market, operating and financial risks.

Economic and budget control

Present both at the corporate level and in each operating unit, it serves as the basis for economic planning, gathering, measuring, recording and calculating costs and production, analysing and monitoring deviations, and quantifying and controlling the resources invested.

Technological capacity/Innovation

The FCC Group is aware that its success in the highly competitive markets where it operates depends on offering clients added value through technical and economic capabilities. In this regard, the FCC Group is very active in the field of technological research and innovation and also places a great deal of importance on the ongoing education of its personnel.

The FCC has outsourced the management of its information infrastructure and telecommunications systems. The FCC Group has implemented a common reporting system which is intended to cover its individual financial reporting needs and standardise the process of consolidating the Group's economic-financial information. Furthermore, the Group is currently in the process of redesigning and implementing a corporate command and control centre that will automatically provide real time management indicators, which will increase the quantity and quality of the information available to management.

In terms of supplier, purchasing and billing management, personnel training and offer presentation, the FCC Group is implementing new technological systems intended to mitigate the risk of material error and fraud. These systems are described in other sections of this report.

Reputation management / Corporate governance

Reputation management is part of the FCC Group's Code of Ethics and corporate responsibility. Social responsibility policies are an integral part of the FCC Group's philosophy which holds that the operation of a business requires a firm commitment to the society.

Once again in 2011, the Company's corporate responsibility performance and results have been recognised by a number of renowned independent observers. Most notable among them, the selective responsible investment indexes DJSI World, Stoxx. FTSE4good, the FTSE Ibex 35.

The Spanish Carbon Disclosure Project (CDP) report recognised FCC for its system of analysing risks and opportunities in the climate change field.

4.2. Operating risk control systems

Some of the most significant operating risk control systems for the FCC Group are enumerated below:

Contracting and tendering management systems

The risks and opportunities arising during the tendering and contracting process constitute one of the main challenges faced by the FCC Group. The Company has formally established policies and procedures that focus on technical quality technological capacity, economic viability and competitive bidding. The process of preparing, presenting and monitoring bids must be authorised at various levels within the organisation, the main bid preparation tasks are entrusted to the highly qualified technical staff of the specific departments. To this end, the FCC Group is in the process of implementing a specific risk management procedure for bidding, contracting and execution.

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Additionally, the FCC Group is very active in the field of technological research and innovation to ensure that all proposals offer the greatest added value for the client.

Selection of partners, subcontracting and suppliers

The Group has a rigorous process for selecting the partners with whom it works in different business areas which consists of applying the procedures contained in the FCC Group's Handbook of General Standards.

The risks associated with subcontracting are controlled by uniformly applying the subcontracting model established by the FCC Group in accordance with the aforementioned Handbook of General Standards, which establishes a protocol of action indicating the minimum requirements for FCC Group companies to be able to subcontract public or private sector contracts.

The Human Resources Handbook also defines the labour responsibilities assumed by the FCC Group in connection with the personnel subcontracted for projects or services.

Regarding supplier management, the e-commerce platform implemented by the FCC Group makes it possible to manage all of the processes on the procurement and supply chain as well as supplier relations, from requests for proposals to billing, all of which is handled electronically to minimise the risk of material errors and fraud.

Personnel management and ongoing personnel training

The FCC Group is working on an ambitious project to modernise its personnel management system, incorporating all of the information into a single, global database for the entire Group in order to support and facilitate the human resources management process.

The project also includes a SAP computer tool for designing and implementing the payrolls of all FCC Group companies in Spain in order to enhance the security, quality and uniformity of the payroll process.

To coordinate the entire process and mitigate the risks involved, the FCC Group has created a "shared services centre" where these projects are being carried out.

The FCC Group has training procedures in place which take the form of structured training plans based on both regularly scheduled basic and refresher training courses as well as "ad hoc" training to cover specific needs as they arise.

In particular, the FCC Group has training plans in place for all personnel involved in the preparation of the Group's financial statements. This plan is constantly being updated to adapt to the business and regulatory environments in which FCC Group's companies are operating and to stay abreast of changes to International Financial Reporting Standards and the regulation and evolution of internal controls on financial reporting.

4.3. Compliance risk control systems

The key systems for controlling regulatory compliance risks are as follows:

Code of Ethics

The FCC Group has a Code of Ethics in place that regulates the guiding principles of Group employees' conduct and the relations between Group employees and other interest groups. Compliance with the Code of Ethics is mandatory for all Group employees and for those third parties who accept it voluntarily.

The FCC Group's Code of Ethics is a tool for guiding the Group's actions in matters of a social, environmental or ethical nature of certain significance. The Group offers an online training tool for the Code of Ethics and provides employees with the resources needed to comply with and enforce the principles contained in the Code of Ethics.

Persons bound by the Code of Ethics have the obligation to report any breach of the Code. To do so, they may use the established channels and procedures to report incident confidentially, in good faith and without fear of reprisals. The FCC Group has established a general communication procedure for matters related to the Code of Ethics.

Regarding the recent reform of the Penal Code as it relates to the criminal liability of legal entities, the FCC Group has drafted a Crime Response and Prevention Manual which is explained in the following section on legal risk management.

Legal risk management systems

The FCC Group has implemented procedures to guarantee compliance with the laws regulating each one of the Group's business activities. The departments that specialize in regulatory compliance stay abreast of regulatory changes, advising the Group's units accordingly and issuing standards as needed to standardize the Group's criteria and guarantee compliance with the law.

For operations outside of Spain, the FCC Group seeks legal advice from local professionals in relation to the specific laws that affect the Group's business in each country.

Regarding the recent reform of the Penal Code as it relates to the criminal liability of legal entities, the FCC Group has drafted a Crime Response and Prevention Manual which has two clearly differentiated parts:

The first part deals with prevention and consists of identifying any conduct within the Group that may involve the risk of committing a crime and then planning and implementing controls to mitigate these risks. To do so, the Group has set up certain oversight bodies and mandatory procedures.

The second part deals with the bodes and procedures implemented to respond to behaviours which could constitute the commission of a violation within the FCC Group, especially conduct which could be interpreted as illegal.

Fiscal risk management systems

Within the context of the delegation of powers agreed by the Board of Directors and the Chairman and the business model established in the FCC General Guidelines and the Financial-Economic Handbook, in addition to the specific powers vested in the person responsible for the Fiscal Division, the functions of this Division include: proposing standards relative to the Group's fiscal policies to promote zero fiscal risk tolerance; advising on and coordinating corporate acquisitions and reorganisations; and providing advice to the different business areas in connection with their activities.

This Division is supported by the administration departments of the business areas and by Central Services, who are the ones responsible for complying with all formal requirements such as documenting and filing tax returns, documenting related party operations, etc.

In addition, in order to minimise fiscal risks and ensure proper reporting and control, FCC, along with other large Spanish Corporations and the Spanish tax authorities, is a signatory to the Code of Good Tax Practices approved by the Business Forum. For the Company, this means ratifying its commitment to best corporate governance practices, transparent and cooperative fiscal practices and collaborating with the administration to detect fraudulent practices. For the tax authorities, it means a commitment to enhance the legal safeguards afforded to FCC in relation to the application and interpretation of tax laws. In compliance with the terms of the Code, the Tax Division reports to the Audit and Control Committee on the Group's tax policies through the Directorate General of Administration and Information Technology.

Internal Control over Financial Reporting (ICFR)

As a consequence of recent legislative changes, publicly listed companies are now obligated to disclose information in the Annual Corporate Governance Report (ACGR) on their Internal Control over Financial Reporting (hereinafter ICFR) and the Audit Committees of publicly listed companies have assumed new internal control responsibilities as well.

In this regard and in connection with the good practices proposed in the report published by the CNMV, the FCC Group has prepared an ICFR Report for 2011 which is enclosed with this Annual Corporate Governance Report.

Personal data protection systems

The processing of personal data, primarily for compliance with the Data Protection Act (LOPD) is specifically regulated in the markets where FCC operates. To manage

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the risk of non-compliance, there is a programme that measures the impact on each business area and then establishes the necessary legal, organisational and technical controls in each case.

An organisational structure has been created that makes it possible to disseminate and implement controls and offer periodic awareness-raising and training activities to all areas of the FCC Group, as well as a computer tool that manages documentation and monitors control to guarantee the protection of personal information.

Quality assurance systems

Formal quality control systems are firmly in place in the different activity areas of the FCC Group. These systems have been ISO 9001 certified and regularly pass the periodic evaluations performed by external professionals.

These quality assurance systems are based on the assignment of responsibilities, the definition and documentation of procedures and the implementation of guidelines for detecting and correcting deviations, resulting in a process of continuous improvement.

The quality control Committees in the different areas of the Group are the supreme executive bodies with the authority to establish guidelines, oversee compliance and review systems. The responsibilities of the quality assurance departments include, among other things, implementing quality systems and conducting quality assurance audits of the different operating units.

Environmental management systems

The FCC Group's business areas apply environmental management systems that focus on:

a) Compliance with the environmental regulations applicable to the activities of each area.
b) Establishment and attainment of continuous improvement targets beyond those required by prevailing legislation or contracts.
c) Minimising environmental impacts through proper operational control.
d) An ongoing analysis of risks and possible improvements.

By implementing these quality assurance systems in the different business units according to UNE-EN, the Group has obtained ISO 14001 certification for its Environmental Management System.

Information security systems

Information system risks are associated with the FCC Group's reliance on information systems for its business and decision-making processes.

From the standpoint of the risks derived from the use of information technology, the FCC Group has set up an operating unit with a mandate to analyse and mitigate the factors that can lead to security failure affecting its information systems.

For each new project that involves changes to the FCC Group's information system, the risks are analysed to determine the specific threats and define the pertinent measures.

With regard to information management risk, the FCC Group has established a Corporate Information Security Policy laying down common information management criteria to mitigate those risks which could affect the confidentiality, availability and integrity of information. These criteria are based on the internationals standards of the International Standardisation Organisation (ISO) contained in the ISO 27000 family.

As a consequence of this policy, the Company has defined a Code of Conduct for the use of information technologies and different protocols for managing incidents in relation thereto.

Controls have been implemented to guarantee user access to the resources for which they are authorised based on their "need to know" and their assigned roles.

The efficiency of these measures is maximised by a four-tier classification system: Public Use, Internal Use, Confidential and Secret. Different protection measures have been established for each level to ensure that the level of security is commensurate with the sensitivity and/or criticality of the information in question.

The FCC Group has a monitoring system known as "Data Leak Prevention" to detect and prevent the risk of classified data leaks through information systems.

The FCC Group has a Security Operation Centre (SOC) that operates around the clock to address the growing threat of attacks from the internet and information leaks. The SOC has the following capabilities:

a. Vulnerability detection
b. User account audits
c. Forensic analysis
d. Security event correlation
e. Incident management
f. Prevention information leaks
g. Mail filtering

As mentioned above, the FCC Group has outsourced the rendering of information infrastructure management services. Furthermore, investments are being made to standardise the architecture of FCC's system and to remove any differences between the environments managed by Group companies in terms of availability and integrity.

FCC has thus guaranteed the efficient use of its information system while ensuring the most effective operation and management of its information system based on good practices for information technology service management.

The following are among the projects undertaken:

- Consolidation of the centralised Information Technology infrastructure in two high availability data centres in Madrid.
- Complete overhaul of the workstations in a virtualised environment or with automatic back-up to guarantee the availability of the information.
- Consolidation of operations in global centres with standard tools. Implementation of a single, common Service Desk through which all information system problems are channelled.
- Implementation of a catalogue of services with unified quality standards that can be measure by means of pre-arranged Service Level Agreements (SLAs). Implementation of a single wide area network (WAN) to standardise the ability of users to access the Group's information systems.

Occupational risk prevention systems

One of the FCC Group's priorities is to guarantee the health and safety of its personnel and to strictly comply with all labour legislation, as evidenced by the Occupational Risk Prevention Policy approved by the Board of Directors. To achieve this, occupational risk prevention system have been implemented in all business areas and have received OHSAS18001 certification, successfully passing the periodic evaluations conducted by external professionals.

These systems are formally established and structured on the basis of:

a. The assignment of occupational health and safety duties and responsibilities.
b. Application of comprehensive procedures to evaluate risks within the production processes in order to assess risks and establish health and safety plans.
c. Ongoing training supported by specialists in the field.
d. Regular reviews of the measures planned by safety specialists in the different operating units.
e. Periodic evaluations of the planned actions and results at different executive levels.
f. A safety audit system involving internal and external professionals.

For standardisation purposes and as a global management instrument to ensure that the organisation's standards are met, a new Corporate Occupational Health and Safety Handbook will take effect in 2012, whose guidelines will be incorporated into existing management systems.

The certification of occupational risk prevention systems is an overall strategic objectives of the Human Resources Area:

- Internal award programmes for occupational risk prevention

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- Occupational risk prevention publicity campaign
- Definition of general training programmes focusing on occupational risk prevention
- FCC Strategic Road Safety Plan
- Creation of a Prevention Committee by FCC with the participation of all business areas

Finally, it must be noted that one of the fundamental elements of prevention management, at the level of each business area as well as the corporate level, is controlling and analyzing accident rates and how they evolve and designing measures intended to permanently reduce accidents to zero.

4.4. Financial risk control systems

Financial risk refers to changes in the value of financial instruments contracted by the Group due to political, market and other factors, and the effect of such changes on the consolidated balance sheet.

The FCC Group's risk management philosophy is consistent with its business strategy, as it strives for maximum solvency and efficiency at all times. In that regard, the Group has set out stringent financial risk management and control criteria for identifying, measuring, analysing and controlling the risks faced in the course of FCC's operations. This risk policy is correctly integrated into the Group's organisational structure.

In keeping with the risk control policy, hedging operations contracted by the FCC Group are not speculative but rather aim to cover the risk associated with each transaction.

In view of the activities of the FCC Group and the transactions through which it carries on its business, it is currently exposed to the following financial risks:

Capital risk

The FCC Group manages its capital to ensure that FCC Group companies are able to continue as profitable businesses, while maximising shareholder returns.

The FCC Group's overall strategy continues to focus on geographical diversification, developing and expanding activities in OECD countries and selectively in emerging economies.

The operating areas and the Finance Department analyse the cost of capital and the associated risks in each investment project for subsequent approval or rejection by the corresponding Committee or by the Board of Directors, based on any necessary reports from other operating areas of the FCC Group.

The Director of Finance, who is responsible for the management of financial risks, periodically reviews the capital structure of subsidiaries as well as the debt-equity ratio and compliance with the financing covenants.

Interest rate risk

The fluctuations and volatility of the money markets give rise to interest rate changes that entail variations in the finance charges related to the FCC Group's debt. In order to ensure a position that is in the FCC Group's best interest, an interest-rate risk management policy is actively implemented.

Given the nature of the FCC Group's activities, closely linked to inflation, its financial policy consists of ensuring that both its current financial assets, which to a large extent provide natural hedging for its current financial liabilities, and the FCC Group's debt are partially tied to floating interest rates.

Complying with the policy of classifying original instruments as hedges, the FCC Group has arranged interest rate hedges, mainly interest rate swaps (IRSs) in which the FCC Group companies pay a fixed rate and receive a floating rate.

Foreign exchange risk

A noteworthy consequence of the FCC Group's positioning in international markets is the exposure resulting from net positions in foreign currencies against the euro or in one foreign currency against another when the investment and financing of an activity cannot be made in the same currency.

The FCC Group's general policy is to mitigate, as far as possible, the adverse effect on its financial statements of exposure to foreign currencies, with regard to both transactional and purely equity-related changes. The FCC Group therefore manages the effect that foreign currency risk can have on the balance sheet and the income statement.

The FCC Group actively manages its foreign currency risk by arranging financial transactions in the same currency as that in which the related asset is denominated, i.e. efforts are made, at all times, to obtain in local currency the financing required for the local activity of the Company in the country of origin of the investment, with a view to creating a natural hedge or a matching of the cash flows to the financing. However, this is occasionally not possible where the currency of the country of origin of the investment is weak and long-term financing cannot be obtained in that currency. In these cases, financing is obtained either in the currency of the consolidated Group or in the most closely-related foreign currency. Exchange rate risk is expressed as the portion of equity denominated in currencies other than the euro, as indicated in the note on "Equity" in the Notes to the Consolidated Financial Statements of FCC, S.A.

Solvency risk

The most relevant ratio for measuring solvency and repayment capacity is: the Net Debt/EBITDA ratio. The FCC Group's ratios are reasonable and comply with the covenants agreed with lenders.

Liquidity risk

This risk arises from timing differences between the resources generated by the business units and the need for financing.

The FCC Group is present in various markets in order to facilitate the obtainment of financing and to mitigate liquidity risk.

Despite the adverse situation reigning in the financial markets throughout 2011, the FCC Group has maintained a solid position, anticipating any potential adversity by paying close attention to trends in those factors that may help to resolve liquidity shortfalls in the future and to the various sources of financing and their characteristics.

To properly manage this risk, FCC monitors the maturity dates on the policies and financing agreements of all Group companies very closely in order to negotiate the renewals in a timely manner under the best conditions the market has to offer. The conditions of the financing are analysed on a case-by-case basis and if they are found not to be advantageous to the Group alternatives are considered.

The FCC Group tries to manage this risk by equipping its member companies with enough lines of financing and credit facilities to deal with any unforeseen occurrences that may arise.

Concentration risk

This risk arises from the concentration of financing transactions with common features and is broken down a follows:

- Sources of financing: In order to diversify this risk, the FCC Group works with over 140 domestic and international financial institutions to obtain financing.
- Markets/geographical area (Spanish, foreign): The FCC Group operates in a wide variety of markets in Spain and other countries; the Group's debt is denominated primarily in euros and various other currencies.
- Products: The FCC Group uses diverse financial products: loans, credit facilities, syndicated operations, assignments, discounts, etc.
- Currency: The FCC Group finances its operations using a number of different currencies depending on the country where the investment is being made. Most transactions take place in dollars, euros and pounds, with investments financed in the local currency wherever possible.

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Credit risk

Rendering services to or accepting orders from clients whose financial soundness is not guaranteed at the time of acceptance or which cannot be evaluated by the FCC Group as well as situations that may occur during the rendering of the service or fulfilment of the order that can affect a client's financial situation can give rise to the risk of outstanding balances not being paid.

The FCC Group obtains commercial reports and evaluates the financial solvency of clients before entering into agreements with them and then monitors their solvency on a regular basis. There is a procedure in place for dealing with cases of insolvency. For public sector clients, the FCC Group has a policy of not accepting work that does not have an assigned budget and prior economic Proposal for work that exceed a particular payment deadline must be authorised by the Director of Finance. Defaults are monitored continuously with specific bodies such as risk Committees.

Credit risk can also arise due to a breach by a counterparty to a financial asset or derivative contract. To manage this type of risk, the FCC Group only works with reputable credit institutions with good credit ratings and proven solvency.

Risk-hedging financial derivatives

Generally speaking, the financial derivatives contracted by the FCC Group are treated, from an accounting perspective, as provided for in the rules governing accounting hedges, as explained in the Notes to the Consolidated Financial Statements of FCC, S.A.

The main financial risk hedged by the FCC Group using derivatives is the variation in floating interest rates to which group companies' finance is referenced. At 31 December 2011, the FCC Group had arranged interest rate hedging transactions, mainly in the form of interest rate swaps in which FCC Group companies, associates and jointly-operated companies pay fixed interest rates and receive floating rates.

The financial derivatives were measured by experts on the subject using generally accepted methods and techniques. These experts were independent from the Group and the entities financing it.

D.2 Have operating, technological, financial, legal, reputational, tax or other risks arisen during the year with an effect on the Company and/or group:

YES ☒ NO

If so, indicate the circumstances giving rise to them and whether the established control systems worked

Risk that materialised in the year	Circumstances that gave rise to it	How the control systems operated
Operating risk due to investment delay.	Investment delays in the construction of infrastructures for certain public sector clients in Spain as a result of the restrictions imposed on investments due to the economic and financial crisis.	This led to certain work having to be rescheduled over a longer period of time. This situation was mitigated by the increase in business outside of Spain and new contracts with new clients, the success of which is reflected in the fact that both the foreign construction business and the order book for work to be done abroad have increased significantly.
Delays in the receipt of payment by certain public sector clients for environmental services rendered.	Economic and financial crisis that has caused certain public sector clients to delay payment.	There are standing Committees to monitor, control and minimise the volume of assets generated and thereby reduce the financial costs assumed and plan future expansion.

D.3 Are any Committees or governing bodies entrusted with establishing and supervising these control mechanisms.

YES ☒ NO

If so, detail their functions.

Name of Committee or Body	Description of functions
Executive Committee	The Board may permanently delegate in the Executive Committee each and every one of the powers of the Board of Directors with the exception of those which are reserved by law or the bylaws for the Board. Like the plenary Board, the Committee ensures that the FCC Group's organisation structure, planning systems and management processes are designed to deal effectively with the different risks to which the FCC Group's business is exposed.
Audit and Control Committee	According to article 41 of Rules of the Board of Directors and as established in Recommendation 50 of the Unified Code of Corporate Governance for Listed Companies, the principal function of the Audit Committee is to support the Board of Directors in its supervisory and oversight efforts, particularly with regard to risk management and control policies and the supervision of the Company's internal audit services.
Strategy Committee	The Strategy Committee supports the Board of Directors in determining the Group's strategy based on the guidelines agreed by the Board, preparing the corresponding reports and proposed agreements in this regard. The Strategy Committee is responsible for ensuring that the objectives of the strategy plan can be achieved by the Company assuming an acceptable level of controlled risk so as to protect the interests of shareholders, the rest of the interest groups and society in general, as well as the Group's reputation.
Management Committee	The Management Committee is chaired by the Chairman and CEO of the FCC Group and composed of members assigned to the Committee by the plenary Board of Directors. Its functions include reviewing the FCC Group's financial information on a monthly basis, especially when the information must be reported to the CNMV, monitoring the FCC Group's risk map and implementing the actions plans needed to mitigate the most significant risks identified.
Information Technology Committee	The Information Technology (IT) Committee, chaired by the Chairman and CEO, establishes IT and telecommunications strategy for the entire FCC Group, striving for uniformity in the actions taken in this area by the different business areas in order to obtain important synergies.

D.4 Identify and describe the compliance processes for each legislative framework to which the Company and/or group is subject.

The FCC Group has procedures in place to guarantee compliance with the regulations governing each one of its economic activities. Different departments within the Group specialise in the regulations applicable to FCC and the FCC Group.

These departments are in charge of:

- Staying fully abreast of and up to date on the different regulations
- Overseeing regulatory compliance
- Drafting the standards needed to unify Group criteria
- Advising operating units

The economic activities carried out in countries other than Spain receive local advice in relation to the specific laws affecting the FCC Group's business operations in those countries. The managers of the different business units collaborate with corporate on risk management.

As stipulated in the Rules of the Board of Directors, the Audit and Control Committee oversees compliance with legal requirements and the Company's internal control process adhering to the principles contained in the risk management policies approved by the FCC Group's Board of Directors at any given time.

E. SHAREHOLDERS' MEETING

E.1. Is the minimum quorum required by the Company for the general shareholders' meeting different from that set out in the Public Limited Companies Act.

YES ☒	NO

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	Quorum % different from that established as a general rule in Article 102 of the Public Limited Companies Act	Quorum % other than that established in Article 103 of the Public Limited Companies Act for the special cases set out in Article 103
Quorum required at first call	50	0
Quorum required at second call	45	45

Description of differences
The ordinary and extraordinary General Meetings are quorate when: The shareholders present or represented on the first meeting date possess at least fifty percent of the share capital with voting rights. On the second meeting date, the General Meeting is quorate when the shareholders present or represented possess at least forty-five percent of the share capital with voting rights. In order for the General Meeting to validly decide on bond issues, capital increases or decreases, changes of corporate form, mergers and spinoffs, the assignment en bloc of assets and liabilities, the overriding of the pre-emptive right to acquire new shares, the transfer of the Company's domicile to another country and, in general, any amendment to the Articles of Incorporation, shareholders possessing at least fifty percent of the share capital with voting rights must be present or represented at the meeting on the first announced date. On the second scheduled meeting date, it will suffice for shareholders accounting for at least forty percent of the subscribed voting capital to be present or represented. When the shareholders in attendance or represented on the second announced meeting date account for less than fifty percent of the subscribed capital with voting rights, the types of resolutions referred to above may only be validly passed with the favourable vote of two-thirds of the share capital present or represented at the Meeting.

E.2. Does the procedure used by the Company for passing resolutions differ from that set out in the Public Limited Companies Act:

YES	NO ☒

Describe how they differ from the provisions envisaged in the Public Limited Companies Act for the adoption of the social agreements.

	Supermajority other than that established in Article 103.2 of the Public Limited Companies Act for the cases set out in Article 103.1	Other cases of a supermajority
% established by the company for approving resolutions		

Description of differences

E.3. Detail shareholders' rights in relation to shareholders' meetings that differ from those established in the Public Limited Companies Act.

There are no differences with respect to the rights set out in the Capital Companies Act.

E.4. Indicate any measures adopted to encourage shareholders to participate in shareholders' meetings.

The Rules of the General Meeting establish a series of measures intended to encourage shareholder participation at the meetings. These measures are defined in the shareholders' information rights regulated in the following articles:

Article 6. Information available as soon as the General Meeting is announced

As from the date of the meeting announcement, the Company will make available to its shareholders, at its registered offices, at the National Securities Market Commission, on the stock exchanges where its stocks are traded and on the Company's website, the following:

a) The full text of the announcement.
b) The text of all of the motions to be submitted by the Board of Directors in relation to the items on the agenda.
When the proposal consists of the appointment or ratification of directors, the following information with regard to the directors will also be included: (i)

professional and biographical profile; (ii) other Boards of Directors to which they belong, both listed and unlisted companies; (iii) indication of the category of director to which they belong, specifying, in the case of proprietary directors, the shareholder at whose request the appointment, ratification or re-appointment has been proposed, or with whom they have ties; (iv) date of their first appointment as a director of the Company, and date of their subsequent appointments; (v) Company shares and share options which they possess.

c) The documents or information which by law must be made available to the shareholders on the items on the meeting agenda as from the date of the announcement of the General Meeting of Shareholders.
d) Information on the channels of communication between the Company and its shareholders for the purposes of obtaining information or making suggestions, in accordance with the applicable regulations.
e) The rules of operation of the Shareholders' Electronic Forum

Article 7. Right to Information prior to the General Meeting of Shareholders

1. Up to seven calendar days before the first scheduled date for the Meeting, shareholders may request any information or explanations they require and raise any questions they consider pertinent regarding the items on the agenda or the information accessible to the public reported by the Company to the National Securities Market Commission since the last General Meeting.
2. Information requests may be made by e-mail to the address provided for this purpose on the Company's website for each General Meeting of Shareholders or in writing to the Stock Market and Investor Relations Department at the Company's registered offices, delivered by hand, post or courier. The provisions of this article are understood without prejudice to the shareholders' right to obtain a printed copy of the documents and to request that the documents be sent to them, free of charge, when so stipulated by law.
3. Once the identity and status of the requesting shareholder is verified, the information requests regulated in this article will be answered up to the date of the General Meeting of Shareholders but prior to the start of the meeting.
4. The Chairperson may refuse to supply the requested information when, in his opinion, the publication of the requested information might be detrimental to the Company's interests, except when the request is backed by shareholders representing at least one-fourth of the share capital.
5. The Board of Directors may empower any of its members, its Secretary and Vice-Secretary to answer shareholders' requests for information through the Stock Market and Investor Relations Department.

Article 14. Information

1. The Directors must provide the information requested by shareholders, except under the circumstances envisaged in Article 7.4 of these rules or when the requested information is not available during the meeting. In this case, the information will be provided in writing within seven days from the meeting date, to which end the shareholders will indicate the mailing address where the information should be sent.
2. The requested information or clarifications will be provided by the Chairman or, at the Chairman's request, by the Managing Director, the Chairman of the Audit Committee, the Secretary, a Director or any employee or expert on the subject in question, in accordance with Article 9.2 of these Rules.

Article 15. Voting on Proposals

1. Upon conclusion of the shareholders' addresses and once the questions have been answered as provided for in these Rules, the proposed resolutions in the agenda and any others which by law need not be included in the agenda will be voted on.
2. The Secretary will ask the shareholders whether or not they wish to have the proposed resolutions read, the text of which was delivered to the shareholders before the meeting and is available on the Company's website. If any shareholder wishes them to be read or if the Chairman deems it appropriate, the proposed resolutions will be read aloud. In any event, the shareholders will be informed of the agenda item to which each proposed resolution refers.
3. Notwithstanding the alternative systems which may be employed by the Chairman, the procedure for voting on the proposed resolutions referred to above will be as follows:
   a) The system for voting on the proposed resolutions relating to the items on the agenda will be by a negative deduction system. This means that, for each

proposal, the votes corresponding to all of the shares present and represented will be considered as votes in favour, deducting those corresponding to the shares whose owners or representatives state that they are voting against or abstaining, to which will be added the votes corresponding to proxies received by the Board of Directors, indicating whether voters are against the motion or abstentions. Votes against and abstentions will be counted separately.

b) The system for voting on the proposed resolutions relating to items not on the agenda, when such proposals may legitimately be voted upon, will be a positive deduction system. This means that for each proposal, the votes corresponding to all of the shares present and represented will be considered votes against, deducting those corresponding to the shares whose owners or representatives state that they are voting for the proposal or abstaining.

c) When technically possible and provided that compliance with all legal requirements can be guaranteed, the Board of Directors may establish the use of electronic vote counting systems.

d) If, in accordance with the terms of Article 5 of these Rules, the meeting announcement makes provisions for voting electronically using one or more distance voting methods, and without detriment to the specific instructions for each particular case in order to be valid and accepted by the Company, the document containing the vote must contain the following information at the very least:
   (i) Meeting date and agenda.
   (ii) The shareholder's identity.
   (iii) The number of shares owned.
   (iv) The shareholder's vote on each of the items on the agenda.

e) Issues which are substantially independent will be voted on separately so that the shareholders can exercise separately their voting preferences; this rule will be applied when adopting resolutions on: (i) the appointment or ratification of directors, which must be voted on individually; and (ii) amendments to the Articles of Incorporation where each article or group of articles is substantially independent.

f) Provided that it is legally possible and that the requirements provided for in this respect are met, financial intermediaries who are legitimised as shareholders, but who act on behalf of different customers, will be allowed to split the vote as per the instructions of their customers.

4. The statements containing votes submitted to the notary or the meeting officers as envisaged in paragraph 3 above may be made individually for each of the proposals or jointly for several or all of them, indicating to the notary or the officers the identity of the shareholder or representative, the number of shares in question, and whether the shareholder/representative votes in favour or against, or abstains.

Article 20. Shareholders' Electronic Forum

Around the time of each General Meeting of Shareholders, an electronic forum will be set up for shareholders on the Company's website which will be available to individual Company shareholders and voluntary shareholders' associations validly formed and registered in the special register of the Spanish National Securities Market Commission to facilitate communications between the Company and its shareholders with regard to the announcement. The website will be available up to the date of the general meeting.

The rules of operation of the Forum are included as an appendix to the Rules of the General Meeting.

E.5. Indicate if the position of chairperson of the shareholders' meeting coincides with that of the chairperson of the Board of Directors. Detail any measures adopted to guarantee the independence and smooth transaction of the shareholders' meeting:

YES ☒	NO

Detail the measures

Article 10.2 of the Rules of the General Meeting of Shareholders establishes that, "2. The General Meeting of Shareholders is presided over by the Chairman and, in his absence, by the Vice-Chairmen of the Board of Directors, in order; if there is no pre-set order, it will go in order of seniority on the Board. If there is no Vice-Chairman in attendance, the General Meeting will be chaired by the oldest director."

Measures to guarantee the independent and good working of the General Meeting:

The Rules of the General Meeting of Shareholders, which are available on the Company's web site, contain a detailed set of measures to guarantee the independence and good working of the General Meeting.

They include, notably, Article 7 "Right to Information prior to the General Meeting of Shareholders

1. Up to seven calendar days before the first scheduled date for the Meeting, shareholders may request any information or explanations they require and raise any questions they consider pertinent regarding the items on the agenda or the information accessible to the public reported by the Company to the National Securities Market Commission since the last General Meeting.
2. Information requests may be made by e-mail to the address provided for this purpose on the Company's website for each General Meeting of Shareholders or in writing to the Stock Market and Investor Relations Department at the Company's registered offices, delivered by hand, post or courier. The provisions of this article are understood without prejudice to the shareholders' right to obtain a printed copy of the documents and to request that the documents be sent to them, free of charge, when so stipulated by law.
3. Once the identity and status of the requesting shareholder is verified, the information requests regulated in this article will be answered up to the date of the General Meeting of Shareholders but prior to the start of the meeting.
4. The Chairperson may refuse to supply the requested information when, in his opinion, the publication of the requested information might be detrimental to the Company's interests, except when the request is backed by shareholders representing at least one-fourth of the share capital. The Board of Directors may empower any of its members, its Secretary and Vice-Secretary to answer shareholders' requests for information through the Stock Market and Investor Relations Department.

Article 23 of the Articles of Incorporation establishes shareholders' right to information:

Shareholders may request, either in writing or using other electronic or distance communication media, up to seven calendar days before the date of the General Meeting on first call, any information or explanations they require or pose any questions they may have on the agenda items or about the information available to the public provided by the Company to the National Securities Market Commission since the last General Meeting was held. The information so requested will be provided by the directors in writing no later than the date of the General Meeting.

Any information or explanations requested verbally from the Chairman by the shareholders in relation to the items on the agenda during the General Meeting itself before the Meeting turns to the items contained in the agenda, or requested in writing up to the seventh day before the scheduled meeting date, will be provided verbally during the General Meeting by any one of the directors in attendance, at the Chairman's request. If the requested information or explanations refer to items falling under the jurisdiction of the Audit Committee, they shall be provided by any one of the members or advisors to the Committee in attendance at the meeting. If in the Chairman's opinion it is not possible to provide the shareholder with the requested information or explanations during the Meeting, they will be provided in writing to the requesting shareholder within seven calendar days of the Meeting date.

The Directors are obliged to provide the information referred to in the two preceding paragraphs unless, in the Chairman's opinion, the publication of the requested information could be harmful to the Company's interests.

This exception shall not apply when the request is supported by shareholders representing at least one-fourth of the share capital.

The Company has a website which contains the legally-required information and through which the Company can respond to the shareholders' requests for information, according to the legislation in force at any given time.

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E.6. Indicate any amendments to the shareholders' meeting rules in the year.

At the last ordinary General Meeting of Shareholders held on 1 June 2011, a motion was passed to modify the Rules of the General Meeting.

Articles 2 (Type of Meetings), 3 (Functions of the General Meeting), 4 (Meeting Announcements), 6 (Information available once the meeting is announced), 8 (Proxies) and 9 (Attendance rights and responsibilities), 18 (Meeting minutes) were amended and a new article, 20 (Shareholders' Electronic Forum) was added. The purpose of these modifications was to adapt the contents to the terms of Legislative Royal Decree 1/2010 of 2 July which approved the revised text of the Capital Companies Act.

Article 5 of the Rules of the General Meeting (Meeting announcement) was also amended to bring it in line with the terms of part 1, article 176 of the Capital Companies Act as amended by Royal Decree-Law 13/2010 of 3 December.

Since part 1, article 114 of the Stock Market Act was abolished under the terms of Legislative Royal Decree 1/2010 of 2 July, any mention of that article was removed from the appendix to the Rules of the General Meeting.

A new appendix was added to the Rules describing the rules of operation of the Shareholders' Electronic Forum. Although already approved by the Board of Directors at the meeting held on 27 January 2011, the contents of the rules of operation must be included in the Rules of the General Meeting, as established in article 20.

E.7. Indicate the attendance of the shareholders' meetings held in the year of this report:

Attendance information

Date of shareholders' meeting:	% of attendance	% by proxy:	% distance vote: Electronic voting	Other	Total %
1/06/2011	54.681%	12.726%			76.373%

Note:
The final attendance list was as follows:

- 141 shareholders in attendance controlling 69,610,187 shares accounting for 54.681 % of the share capital.
- 1,718 shareholders represented controlling 16,201,010 shares accounting for 12,726% of the share capital.

The Company held 11,414,295 shares of treasury stock, equivalent to 8.966% of the share capital. As established in the Capital Companies Act, these shares were included as capital when calculating the majorities required for the passage of resolutions at the General meeting, although the voting rights associated with those shares cannot be exercised.

The total number of shares present or represented at the General Meeting, including treasury stock, was 97,225,492, accounting for 76.373% of the subscribed share capital and valued at EUR 97,225,492.

E.8. Briefly indicate the resolutions adopted by the shareholders' meetings held in the year of this report and the percentage of votes that approved each resolution.

1. Financial statements of the Company and its consolidated Group and the directors' reports for this period.

	%
Against	0.0002
Abstentions	0.1530
For	88.1068
Votes cast	88.2600

2. Distribution of 2010 income.

	%
Against	0.0001
Abstentions	0.0050
For	88.2549
Votes cast	88.2600

3. Appointment and re-election of Management.

	%
Against	3.3997
Abstentions	0.0051
For	84.6919
Votes cast	88.0967

In compliance with the terms of article 514 of the Capital Companies Act, the votes cast by the Director, DOMINUM DESGA, S.A. or its individual representative, were not counted on the third agenda item.

4. Modification of the Articles of Association
   4.1. Modifications to bring the articles in line with legislation or formal requirements: Articles 1 (Name), 4 (Address), 7 (Share transfers), 8 (Non-voting shares), 10 (Usufruct, pledge and seizure of shares), 13 (Types of general meetings), 14 (Meeting announcements), 16 (Authority and obligation to convene a General Meeting), 18 (Meeting attendance), 19 (Proxies), 24 (Deliberations. Resolutions. Minutes), 25 (Powers of the general meeting), 29 (Requirements and term of office), 37 (Remuneration), 39 (The Audit and Control Committee and the Appointments and Remuneration Committee), 42 (The annual accounts), 43 (Distribution of profits (losses)) y 45 (Dissolution).

	%
Against	0.0268
Abstentions	0.0027
For	88.2305
Votes cast	88.2600

   4.2 Modifications which, in addition to bringing the articles in line with legislative reform and Company rules, are intended to: a) make the venue for holding general meetings more flexible (Article 20: Place and time of meeting) or b) allow the use of email for announcing Board of Directors Meetings (Article 30: Announcement. Meetings).

	%
Against	0.0268
Abstentions	0.0027
For	88.2305
Votes cast	88.2600

5. Modification of the Rules of the General meeting to bring the contents in line with recent legislative changes to business laws: articles 2, 3, 4, 5, 6, 8, 9, 18, 20 and Appendix.

	%
Against	0.00
Abstentions	0.0027
For	88.2573
Votes cast	88.2600

6. Extension of the period granted to the Board of Directors by the Ordinary General Meeting of Shareholders on 10 June 2009 to execute the capital reduction by retiring treasury stock.

	%
Against	0.0001
Abstentions	0.0026
For	88.2573
Votes cast	88.2600

7. Modification of the resolution passed at the last Ordinary General Meeting of Shareholders held on 27 May 2010 to delegate the Board of Directors with the authority to issue fixed income securities or similar debt instruments, secured or unsecured, in one or more issues, raising the authorised total to one billion five hundred million euro (EUR 1,500,000,000).

	%
Against	0.0642
Abstentions	0.0026
For	88.1932
Votes cast	88.2600

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8. Re-election of the Company's and consolidated Group's auditors.

	%
Against	0.0040
Abstentions	0.0016
For	88.2544
Votes cast	88.2600

9. To authorise the directors develop, notarise, register, correct and enforce the resolutions adopted.

	%
Against	0.0229
Abstentions	0.0015
For	88.2356
Votes cast	88.2600

10. Approval of the meeting minutes

There was no vote on this agenda item since the minutes were prepared by the notary public of Barcelona, Mr. José Javier Cuevas Castaño.

E.9. Do the Articles of Incorporation establish a minimum number of shares required to attend the general shareholders' meeting?

YES	NO	☒

Number of shares required to attend the Shareholders' Meeting	1

E.10. Indicate and explain the Company's policy on delegating votes in the shareholders' meeting.

Notwithstanding the provisions of the Articles of Incorporation with respect to proxy voting, the Board of Directors does not require unnecessary formalities in the proxy voting procedure which might hinder the rights of shareholders wishing to exercise their right to attend the General Meeting. Nevertheless, pertinent procedures are in place to verify the validity of proxy authorisations.

E.11. Indicate if the Company is aware of the institutional investors' policy of participation in company decisions:

YES	NO	☒

E.12. Give the address and instructions for accessing corporate governance content on your web page.

On the home page of the Fomento de Construcciones y Contratas, S.A., web site, HYPERLINK "http://www.fcc.es", there are specific sections labelled "Shareholders and investors" and "Corporate responsibility", which provide the information required under Act 26/2003 of 18 July, Order ECO/3722/2003 of 26 December, Circular 1/2004 of 17 March of the National Security Market Commission, Order EHA/3050/2004 of 15 December and Royal Decree 1333/2005 of 11 November.

This page can be reached by a double click from the home page. Its contents are structured in order by rank, under shortcut titles. All its pages can be printed.

F. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the Company's degree of conformance to the recommendations of the Unified Code of Corporate Governance.

In the event of not complying with some recommendations, detail the recommendations, rules, practices or criteria applied by the Company.

1. The Articles of Incorporation of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the Company by means of share purchases on the market.

See sections: A.9, B.1.22, B.1.23 and E.1, E.2.

COMPLIANT ☒	EXPLAIN

2. When a dominant and a subsidiary company are stock market listed, the two should provide detailed disclosure on:

   a) The type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies;
   b) The mechanisms in place to resolve possible conflicts of interest.

See sections: C.4 and C.7

COMPLIANT	PARTIALLY COMPLIANT	EXPLAIN ☒	NOT APPLICABLE

Article 7.2.i) of the Rules of the Board of Directors provides that the Board of Directors is responsible for "Defining the structure of the Group and coordinating, within the legal limits, the Group's general strategy in the interests of the Company and its subsidiaries with the support of the Strategy Committee and the Managing Director, and disclosing in the Annual Corporate Governance Report the respective areas of activity and any business relations between the Company and its listed subsidiaries that are part of the group, and between those companies and the other Group companies, and the mechanisms established to resolve any conflicts of interest that may arise".

3. Even when not expressly required under company Laws, any decisions involving a structural corporate change should be submitted to the General Shareholders' Meeting for approval or ratification. In particular:

   a) The transformation of listed companies into holding companies through the process of subsidiarisation, i.e. reallocating to subsidiaries core activities that were previously carried out by the original firm, even though the latter retains full control of the former;
   b) Any acquisition or disposal of key operating assets that would effectively alter the company's corporate purpose;
   c) Operations that are equivalent to the Company's liquidation.

COMPLIANT	PARTIALLY COMPLIANT ☒	EXPLAIN

Article 8.6 of the Rules of the Board of Directors establishes that the Board must seek the authorisation of the shareholders at the General Meeting prior to an acquisition or disposal of key operating assets that would effectively alter the corporate purpose of the Company or prior to any operations that are tantamount to the Company's liquidation.

To avoid impairing the Board of Directors' ability to operate, this does not include subsidiarisation operations, since these operations often require quick decisions and are governed by ample legal mechanisms to protect the interests of the shareholders and the Company. Nevertheless, the Board duly reports such operations at the General Meeting.

4. Detailed proposals of the resolutions to be adopted at the General Shareholders' Meeting, including the information stated in Recommendation 28, should be made available at the same time as the publication of the Meeting notice.

COMPLIANT ☒	EXPLAIN

5. Separate votes should be taken at the General Shareholders' Meeting on materially separate items, so shareholders can express their preferences in each case. This rule shall apply in particular to:

   a) The appointment or ratification of directors, with separate voting on each candidate;
   b) Amendments to the Articles of Incorporation, with votes taken on all articles or groups of articles that are materially different.

See section: E.8

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

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6. Companies should allow split votes, so financial intermediaries acting as nominees on behalf of different clients can issue their votes according to instructions.

See section: E.4

COMPLIANT ☒	EXPLAIN

7. The Board of Directors should perform its duties with unity of purpose and independent judgement, according all shareholders the same treatment. It should be guided at all times by the Company's best interest and, as such, strive to maximise its value over time.

It should likewise ensure that the Company abides by the laws and rules in its dealings with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

8. The Board should see, as core components of its mission, approving the Company's strategy and authorising the organisational resources to carry it forward, and ensuring that management meets the objectives set while pursuing the Company's interests and corporate purpose. As such, the Board in full should reserve the right to approve:

a) The Company's general policies and strategies, and, in particular:

i) The strategic or business plan, management targets and annual budgets;
ii) Investment and financing policy;
iii) Design of the structure of the corporate group;
iv) Corporate governance policy;
v) Corporate social responsibility policy;
vi) Remuneration and evaluation of senior officers policy;
vii) Risk control and management, and the periodic monitoring of internal information and control systems policy.
viii) Dividend policy, as well as the policies and limits applying to treasury stock.

See sections: B. 1.10, B.1.13, B.1.14 and D.3

b) The following decisions:
i) On the proposal of the Company's chief executive, the appointment and removal of senior officers, and their compensation clauses.

See section: B.1.14.

ii) Directors' remuneration and, in the case of executive directors, the additional consideration for their management duties and other contract conditions.

See section: B. 1.14.

iii) The financial information that all listed companies must periodically disclose.
iv) Investments or operations considered strategic by virtue of their amount or special characteristics, unless their approval corresponds to the General Shareholders' Meeting;
v) The creation or acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

c) Transactions which the Company conducts with directors, significant shareholders, shareholders with Board representation or other persons related thereto ("related-party transactions").

However, Board authorisation need not be required for related-party transactions that simultaneously meet the following three conditions:

1. They are governed by standard form agreements applied on an across-the-Board basis to a large number of clients;
2. They are arranged at market rates, generally set by the person supplying the goods or services;
3. The amount is no more than 1% of the Company's annual revenues.

It is advisable that related-party transactions should only be approved on the basis of a favourable report from the Audit Committee or some other Committee handling the same function; and that the directors involved should neither exercise nor delegate their votes, and should leave the meeting room while the Board debates and votes.

Ideally the above powers should not be delegated with the exception of those mentioned in b) and c), which may be delegated to the Executive Committee in urgent cases and later ratified by the full Board.

See sections: C. 1 and C.6

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

9. In the interests of maximum effectiveness and participation, the Board of Directors should ideally comprise no fewer than five and no more than fifteen members.

See section: B.1.1

COMPLIANT	EXPLAIN ☒

Article 27 of the Articles of Incorporation states that the Board of Directors shall comprise a minimum of five and a maximum of 22 members. At 31 December 2011, there were 18 directors.

Given the characteristics of the Company, the size of the Board is considered to be appropriate for proper management, direction and administration of the Company's businesses. Furthermore, the size of the Board makes it possible for different types of directors to sit on the Board without jeopardising the Board's effectiveness.

10. External directors, proprietary and independent, should occupy an ample majority of Board places, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

See sections: A.2, A.3, B.1.3., B.1.14

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

11. In the event that an external director can be deemed neither proprietary nor independent, the Company should disclose this circumstance and the links that person maintains with the Company or its senior officers, or its shareholders.

See section: B.1.3

COMPLIANT	EXPLAIN	NOT APPLICABLE ☒

12. That among external directors, the relation between proprietary members and independents should match the proportion between the capital represented on the Board by proprietary directors and the remainder of the Company's capital.

This proportional criterion can be relaxed so the weight of proprietary directors is greater than would strictly correspond to the total percentage of capital they represent:

1. In large capitalization companies where few or no equity stakes attain the legal threshold for significant shareholdings, despite the considerable sums actually invested.

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2. In companies with a plurality of shareholders represented on the Board that are not otherwise related.

See sections: B.1.3, A.2 and A.3

COMPLIANT ☒	EXPLAIN

13. The number of independent directors should represent at least one third of all Board members.

See section: B.1.3

COMPLIANT	EXPLAIN ☒

Article 6.3 of the Rules of the Board of Directors establishes that the Board of Directors must have an appropriate number of independent directors to ensure a reasonable balance between proprietary and independent Directors, and that external directors must represent an ample majority on the Board.

There are five independent Directors on the Board (which is very close to the 6 needed to comply with this recommendation). Pursuant to the OECD Principles of Corporate Governance and the Recommendation of the European Commission of 15 January 2006, a "sufficient number" of independent Directors to guarantee that the interests of other shareholders are adequately protected.

14. The nature of each director should be explained to the General Meeting of Shareholders, which will make or ratify his or her appointment. Such determination should subsequently be confirmed or reviewed in each year's Annual Corporate Governance Report, after verification by the Appointments Committee. That Report should also disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 5% of capital; and explain any rejection of a formal request for a Board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

See sections: B.1.3 and B.1.4

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

15. When there are few or no women directors, the Board should state the reasons for this situation and the measures taken to correct it; in particular, the Appointments Committee should take steps to ensure that:

a) The process of filling Board vacancies has no implicit bias against women candidates;
b) The Company makes a conscious effort to include women with the target profile among the candidates for Board places.

See sections: B.1.2, B.1.27 and B.2.3.

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN	NOT APPLICABLE

16. The Chairman, as the person responsible for the proper operation of the Board of Directors, should ensure that directors are supplied with sufficient information in advance of Board meetings, and work to procure a good level of debate and the active involvement of all members, safeguarding their rights to freely express and adopt positions; he or she should organise and coordinate regular evaluations of the Board and, where appropriate, the Company's chief executive, along with the chairmen of the relevant Board Committees.

See section: B.1.42

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

17. When a Board's Chairman is also its chief executive, an independent director should be empowered to request the calling of Board meetings or the inclusion of new business on the agenda; to coordinate and give voice to the concerns of external directors; and to lead the Board's evaluation of the Chairman.

See section: B.1.21

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN	NOT APPLICABLE

18. The Board's Secretary should take care to ensure that the Board's actions:

a) Adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulatory agencies;
b) Comply with the Company Articles of Incorporation and the Rules of the General Shareholders' Meeting, the Board of Directors and others;
c) Are informed by those good governance recommendations of the Unified Code that the Company has subscribed to.

In order to safeguard the independence, impartiality and professionalism of the Secretary, his or her appointment and removal should be proposed by the Appointments Committee and approved by a full Board meeting; the relevant appointment and removal procedures being spelled out in the Rules of the Board of Directors.

See section: B.1.34

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

19. The Board should meet with the necessary frequency to properly perform its functions, in accordance with a calendar and agendas set at the beginning of the year, to which each director may propose the addition of other items.

See section: B.1.29

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

20. Director absences should be kept to the bare minimum and quantified in the Annual Corporate Governance Report. When directors have no choice but to delegate their vote, they should do so with instructions.

See sections: B.1.28 and B.1.30

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

21. When directors or the Secretary express concerns about some proposal or, in the case of directors, about the Company's performance, and such concerns are not resolved at the Board meeting, the person expressing them can request that they be recorded in the minute book.

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN	NOT APPLICABLE

22. The Board in full should evaluate the following points on a yearly basis:

a) The quality and efficiency of the Board's operation;
b) Starting from a report submitted by the Appointments Committee, how well the Chairman and chief executive have carried out their duties;
c) The performance of its Committees on the basis of the reports furnished by the same.

See section: B.1.19

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

23. All directors should be able to exercise their right to receive any additional information they require on matters within the Board's

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competence. Unless the Articles of Incorporation or Rules of the Board of Directors indicate otherwise, such requests should be addressed to the Chairman or Secretary.

See section: B. 1.42

COMPLIANT ☒ EXPLAIN

24. All directors should be entitled to call on the Company for the advice and guidance they need to carry out their duties. The Company should provide suitable channels for the exercise of this right, extending in special circumstances to external assistance at the Company's expense.

See section: B.1.41

COMPLIANT ☒ EXPLAIN

25. Companies should organise induction programmes for new directors to acquaint them rapidly with the workings of the Company and its corporate governance rules. Directors should also be offered refresher programmes when circumstances so advise.

COMPLIANT ☒ PARTIALLY COMPLIANT EXPLAIN

26. Companies should require their directors to devote sufficient time and effort to perform their duties effectively, and, as such:

a) Directors should apprise the Appointments Committee of any other professional obligations, in case they might detract from the necessary dedication;
b) Companies should lay down rules about the number of directorships their Board members can hold.

See sections: B.1.8, B.1.9 and B. 1. 17

COMPLIANT ☒ PARTIALLY COMPLIANT EXPLAIN

27. The proposal for the appointment or re-appointment of directors which the Board submits to the General Shareholders' Meeting, as well as provisional appointments by the method of co-optation, should be approved by the Board:

a) On the proposal of the Appointments Committee, in the case of independent directors.
b) Subject to a report from the Appointments Committee in all other cases.

See section: B.1.3

COMPLIANT ☒ PARTIALLY COMPLIANT EXPLAIN

28. Companies should post the following director particulars on their websites, and keep them permanently updated:

a) Professional experience and background;
b) Directorships held in other companies, listed or otherwise;
c) An indication of the director's classification as executive, proprietary or independent; in the case of proprietary directors, stating the shareholder they represent or have links with.
d) The date of their first and subsequent appointments as a Company director, and;
e) Shares held in the Company and any options on the same.

COMPLIANT ☒ PARTIALLY COMPLIANT EXPLAIN

29. Independent directors should not stay on as such for a continuous period of more than 12 years.

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See section: B.1.2

COMPLIANT ☒	EXPLAIN

30. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter's number should be reduced accordingly.

See sections: A.2, A.3 and B.1.2

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

31. The Board of Directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the Articles of Incorporation, except where just cause is found by the Board, based on a proposal from the Appointments Committee. In particular, just cause will be presumed when a director is in breach of his or her fiduciary duties or comes under one of the disqualifying grounds enumerated in section III.5 of this Code.

The removal of independents may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the Company's capital structure, in order to meet the proportionality criterion set out in Recommendation 12.

See sections: B.1.2, B.1.5 and B.1.26

COMPLIANT ☒	EXPLAIN

32. Companies should establish rules obliging directors to inform the Board of any circumstance that might harm the organisation's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent trial.

The moment a director is indicted or tried for any of the crimes stated in Article 124 of the Public Limited Companies Law, the Board should examine the matter and, in view of the particular circumstances and potential harm to the Company's name and reputation, decide whether or not he or she should be called on to resign. The Board should also disclose all such determinations in the Annual Corporate Governance Report.

See sections: B.1.43, B.1.44

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

33. All directors should express clear opposition when they feel a proposal submitted for the Board's approval might damage the corporate interest. In particular, independents and other directors unaffected by the conflict of interest should challenge any decision that could go against the interests of shareholders lacking Board representation.

When the Board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this Recommendation should also apply to the Secretary of the Board; director or otherwise.

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN	NOT APPLICABLE

34. Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the Board. Irrespective of whether such resignation is filed as a significant event, the motive for the same must be explained in the Annual Corporate Governance Report.

See section: B.1.5

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN	NOT APPLICABLE

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35. The Company's remuneration policy, as approved by its Board of Directors, should specify at least the following points:

a) the amount of the fixed components, itemised where necessary, of Board and Board Committee attendance fees, with an estimate of the fixed annual payment to which they give rise;
b) Variable remuneration components, including, in particular:
   i) The types of directors they apply to, with an explanation of the relative weight of variable to fixed remuneration items.
   ii) Performance evaluation criteria used to calculate entitlement to the award of shares or share options or any performance-related remuneration;
   iii) The main parameters and grounds for any system of annual bonuses or other non-cash benefits; and
   iv) An estimate of the sum total of variable payments arising from the remuneration policy proposed, as a function of degree of compliance with pre-set targets or benchmarks.
c) The main characteristics of providential systems (e.g. supplementary pensions, life insurance and similar arrangements), with an estimate of their amount or annual equivalent cost.
d) The conditions applicable to the contracts of executive directors performing senior management functions, including:
   i) Duration;
   ii) Notice periods; and
   iii) Any other clauses covering hiring bonuses, as well as indemnities or "golden parachutes" in the event of early termination of the contractual relation between Company and executive director.

See section: B. 1. 1 5

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

36. Remuneration comprising the delivery of shares in the Company or other companies in the group, share options or other share-based instruments, payments linked to the Company's performance or membership of pension schemes should be confined to executive directors.

The delivery of shares is excluded from this limitation when directors are obliged to retain them until the end of their tenure.

See sections: A.3, B.1.3

COMPLIANT ☒	EXPLAIN

37. External directors' remuneration should sufficiently compensate them for the dedication, abilities and responsibilities that the post entails, but should not be so high as to compromise their independence.

COMPLIANT ☒	EXPLAIN

38. In the case of remuneration linked to company earnings, any qualifications stated in the external auditor's report which may reduce the said results should be considered.

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

39. In the case of variable awards, remuneration policies should include technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the Company's sector, atypical or exceptional transactions or circumstances of this kind.

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

40. The Board should submit a report on the directors' remuneration policy to the advisory vote of the General Shareholders' Meeting, as a separate point on the agenda. This report should be supplied to shareholders separately or in the manner each company sees fit.

The report will focus on the remuneration policy the Board has approved for the current year with reference, as the case may be, to the policy planned for future years. It will address all the points referred to in Recommendation 35, except those potentially entailing the disclosure of commercially sensitive information. It will also identify and explain the most significant changes in remuneration policy with respect to the previous year, with a global summary of how the policy was applied over the period in question. The role of the Remuneration Committee in designing the policy should be reported to the Meeting, along with the identity of any external advisors engaged.

See section: B.1.16

COMPLIANT	PARTIALLY COMPLIANT	EXPLAIN ☒

At the time the Ordinary General Meeting of Shareholders scheduled for June 1st, 2011 was announced, a report on the Board of Directors remuneration policy was made available to the shareholders. That report was approved by the Board of Directors on 28 February 2011.

The report discussed the following:

- **a.** The procedures applied in preparing the report
- **b.** The objective and structure of the remuneration policy
- **c.** Remuneration of directors for their membership of the Board of Directors
- **d.** The remuneration of executive directors for performance of executive and managerial duties
  - Remuneration structure
  - Basic conditions of executive director contracts.

At the next General Meeting of Shareholders in 2012, the Annual Remuneration Report will be put to the shareholders for a consultative vote.

41. The Notes to the Financial Statements should list individual directors' remuneration in the year, including:

a) A breakdown of the compensation obtained by each company director, to include where appropriate:
   - i) Participation and attendance fees and other fixed director payments;
   - ii) Additional compensation for acting as chairman or member of a Board Committee;
   - iii) Any payments made under profit-sharing or bonus schemes, and the reason for their accrual;
   - iv) Contributions on the director's behalf to defined-contribution pension plans, or any increase in the director's vested rights in the case of contributions to defined-benefit schemes;
   - v) Any severance packages agreed or paid;
   - vi) Any compensation they receive as directors of other companies in the group;
   - vii) The remuneration executive directors receive in respect of their senior management posts;
   - viii) Any kind of compensation other than those listed above, of whatever nature and provenance within the group, especially when it may be accounted a related-party transaction or when its omission would detract from a true and fair view of the total remuneration received by the director.

b) An individual breakdown of deliveries to directors of shares, share options or other share-based instruments, itemised by:
   - i) Number of shares or options awarded in the year, and the terms set for their execution;
   - ii) Number of options exercised in the year, specifying the number of shares involved and the exercise price;
   - iii) Number of options outstanding at the annual close, specifying their price, date and other exercise conditions;
   - iv) Any change in the year in the exercise terms of previously awarded options.

c) Information on the relation in the year between the remuneration obtained by executive directors and the Company's profits, or some other measure of enterprise results.

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COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

In compliance with article 61ter of the Stock Market Act, FCC's Annual Remuneration Report complies with the contents of this recommendation.

42. When the Company has an Executive Committee, the breakdown of its members by director category should be similar to that of the Board itself. The Secretary of the Board should also act as secretary to the Executive Committee.

See sections: B.2.1 and B.2.6

COMPLIANT	PARTIALLY COMPLIANT ☒	EXPLAIN	NOT APPLICABLE

The composition of the Executive Committee is as follows: 83.3% external directors and 16.7% executive directors; the composition of the Board of Directors is: 88.9% external directors and 11.1% executive directors.

The Secretary of the Board is the Secretary of the Executive Committee.

43. The Board should be kept fully informed of the business transacted and decisions made by the Executive Committee. To this end, all Board members should receive a copy of the Committee's minutes.

COMPLIANT ☒	CUMPLE PARCIALMENTE	NOT APPLICABLE

44. In addition to the Audit Committee required under the Securities Market Law, the Board of Directors should form a Committee, or two separate Committees, of Appointments and Remuneration.

The rules governing the make-up and operation of the Audit Committee and the Committee or Committees of Appointments and Remuneration should be set forth in the Rules of the Board, and include the following:

a) The Board of Directors will designate the members of the Committees, having regard to the directors' knowledge, skills and experience and each Committee's area of competence; discuss their proposals and reports; and be apprised, at the first Board meeting following each Committee meeting, of the business transacted, the Committees being responsible before the Board for their performance.
b) These Committees should be formed exclusively of external directors and have a minimum of three members. Executive directors or senior officers may also attend meetings, for information purposes, at the Committees' invitation.
c) Committee Chairmen must be independent directors.
d) These Committees may engage external advisors when they feel this is necessary for the discharge of their duties.
e) Committee meetings should be minuted and a copy sent to all Board members.

See sections: B.2.1 and B.2.3

COMPLIANT	PARTIALLY COMPLIANT ☒	EXPLAIN

The Board took into account the knowledge, aptitudes and experience of the directors and the mission of each Committee when appointing Committee members. Committees are also expressly given the power to obtain external advice and the Board has debated the proposals and reports presented by the Committees, which reported on their activities and performance at the first full Board meeting after each of their meetings.

When appointing the Committee members and chairs, the Board gave priority to the skills, experience and qualifications that will enable directors to contribute to better performance by the Committees of the duties entrusted to them (rather than to the directors' categories).

The Audit and Control Committee is chaired by Mr. Gonzalo Anes and Álvarez de Castrillón, and independent director of FCC.

45. The job of supervising compliance with internal codes of conduct and corporate governance rules should be entrusted to the Audit Committee, the Appointments Committee or, as the case may be, separate Compliance or Corporate Governance Committees.

COMPLIANT ☒	EXPLAIN

46. All members of the Audit Committee, particularly its Chairman, should be appointed with regard to their knowledge and background in accounting, auditing and risk management matters.

COMPLIANT ☒	EXPLAIN

47. Listed companies should have an internal audit function, under the supervision of the Audit Committee, to ensure the proper operation of internal reporting and control systems.

COMPLIANT ☒	EXPLAIN

48. The head of internal audit should present an annual work programme to the Audit Committee; report to it directly on any incidents arising during its implementation; and submit an activities report at the end of each year.

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

49. Control and risk management policy should specify at least:

a) The different types of risk (operational, technological, financial, legal, reputational, etc.) to which the Company is exposed, with the inclusion of contingent liabilities and other off-balance-sheet risks under financial or economic risks;
b) The determination of the risk level the Company considers as acceptable;
c) Measures in place to mitigate the impact of risk events should they occur;
d) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

See section: D

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

50. The Audit Committee's role should be:

1. With respect to internal control and reporting systems:

   a. Monitor the preparation and the integrity of the financial information prepared on the Company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.
   b. Review internal control and risk management systems on a regular basis, so main risks are properly identified, managed and disclosed.
   c. Monitor the independence and efficacy of the internal audit function; propose the selection, appointment, re-appointment and removal of the head of internal audit; propose the department's budget; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.
   d. Establish and supervise a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the firm.

2. With respect to the external auditor:

   a. Make recommendations to the Board for the selection, appointment, re-appointment and removal of the external auditor, and the terms and conditions of the engagement.

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b. Receive regular information from the external auditor regarding the audit plan and the results thereof, and verify that senior executives act on the recommendations of the external auditor.
c. Monitor the independence of the external auditor, to which end:
   i) The Company should notify any change of auditor to the CNMV as a regulatory disclosure, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.
   ii) The Committee should ensure that the Company and the auditor adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other requirements designed to safeguard auditors' independence;
   iii) Investigate the issues giving rise to the resignation of any external auditor.

d. In the case of groups, urge the group auditor to take on the audit of all component companies.

See sections: B.1.35, B.2.2, B.2.3 and D.3

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

51. The Audit Committee should be empowered to meet with any Company employee or manager, even ordering their appearance without the presence of another senior officer.

COMPLIANT ☒	EXPLAIN

52. The Audit Committee should prepare information on the following points from Recommendation 8 for input to Board decision-making:

a) The financial information that all listed companies must disclose periodically. The Committee should ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review.
b) The creation or acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.
c) Related-party transactions, except where their scrutiny has been entrusted to some other supervision and control Committee.

See sections: B.2.2 and B.2.3

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

53. The Board of Directors should seek to present the annual accounts to the General Shareholders' Meeting without reservations or qualifications in the audit report. Should such reservations or qualifications exist, both the Chairman of the Audit Committee and the auditors should give a clear account to shareholders of their scope and content.

See section: B.1.38

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN

54. The majority of Appointments Committee members – or Appointments and Remuneration Committee members as the case may be – should be independent directors.

See section: B.2.1

COMPLIANT	EXPLAIN ☒	NOT APPLICABLE

As indicated under Recommendation 44, when appointing Committee members and chairs, the Board focuses more on the skills, experience and qualifications that will enable the different Committees to best perform their duties than on the category of director.

All members of the Appointments and Remuneration Committee are external directors and one of them, Mr. Gonzalo Anes, is an independent director.

55. The Appointments Committee should have the following functions in addition to those stated in earlier recommendations:

a) Evaluate the balance of skills, knowledge and experience required on the Board, define the roles and capabilities required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.
b) Examine or organise, in appropriate form, the succession of the chairman and chief executive, making recommendations to the Board so the handover proceeds in a planned and orderly manner.
c) Report on the senior officer appointments and removals which the chief executive proposes to the Board.
d) Report to the Board on the gender diversity issues discussed in Recommendation 14 of this Code.

See section: B.2.3

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN	NOT APPLICABLE

56. The Appointments Committee should consult with the Company's Chairman and Chief Executive, especially on matters relating to executive directors.

Any Board member may suggest directorship candidates to the Appointments Committee for its consideration.

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN	NOT APPLICABLE

57. The Remuneration Committee should have the following functions in addition to those stated in earlier recommendations:

a) Make proposals to the Board of Directors regarding:
   i) The remuneration policy for directors and senior officers;
   ii) The individual remuneration and other contractual conditions of executive directors.
   iii) The standard conditions for senior officer employment contracts.
b) Oversee compliance with the remuneration policy set by the Company.

See sections: B.1.14, B.2.3

COMPLIANT ☒	PARTIALLY COMPLIANT	EXPLAIN	NOT APPLICABLE

58. The Remuneration Committee should consult with the Chairman and chief executive, especially on matters relating to executive directors and senior officers.

COMPLIANT ☒	EXPLAIN	NOT APPLICABLE

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING SYSTEM (ICFR)

ADDITIONAL INFORMATION OVER THE ANNUAL CORPORATE GOVERNANCE REPORT 2011

Internal control and risk management systems in relation to the financial reporting process (ICFR)

1. THE ENTITY'S CONTROL ENVIRONMENT

1.1 The bodies and/or functions responsible for: (i) the existence and regular updating of a suitable, effective ICFR; (ii) its implementation; and (iii) its monitoring.

The bodies and functions that are responsible within FCC Group for the existence, maintenance, implementation and supervision of an adequate and effective ICFR, and the responsibilities attributed to these bodies, are the following:

Board of Directors

As set out in article 8 of the Regulations of the Board of Directors of FCC, S.A., the Board is ultimately responsible for the approval of the Company's general policies and strategies and, in particular, for the risk management and control policy, identifying the main risks of the Company and implementing and monitoring the adequate internal control and reporting systems, with the purpose of ensuring its future feasibility and competitiveness by adopting the most relevant decisions for the better development thereof.

Executive Commission

As set out in article 40 of the Regulations of the Board of Directors of FCC, S.A, the Board may permanently delegate to the Executive Commission all of the powers pertaining to the former, except those which are reserved to the Board by the Law, the Articles of Association or the Regulations of the Board of Directors. In this respect, the competencies of the Board are set down in article 8 of the Regulations in relation to the appointment and removal of the senior management and their severance clauses, publicly available financial reports issued from time to time, strategic investments or operations, among others, may be exercised in urgent cases by the Executive Commission, subsequently to be ratified by the Board in full session.

In addition, as the Board as a whole, the Commission ensures that the organisational structure of FCC Group, the planning systems and the management processes of the operations are designed to face the various risks to which it is exposed in the course of business.

The Board of Directors shall designate the Directors who are to make up the Executive Commission, seeing to it that the share structure of the different director categories is similar to that of the Board itself.

The functioning of the Executive Commission is determined in article 36 of the Articles of Association of FCC.

Auditing and Control Committee

The Regulations of the Board of Directors of FCC establish, in article 41, the incorporation of a permanent Auditing and Control Committee, made up by a minimum of three Directors, designated by the Board of Directors taking into account their knowledge and experience in the field of accounting, auditing or risk management. All of the members must be external Directors, who shall appoint the Chairman from among the members, and he/she shall hold office for a period of not more than four years, and it may also elect a Deputy Chairman. The term of the Committee members cannot exceed their term as Directors, notwithstanding the fact that they may be re-elected without limitation insofar as they are also re-elected as Directors. The fundamental function of the Auditing and Control Committee is to support the Board of Directors in its surveillance tasks, by reviewing from time to time, the process of preparing economic and financial reports, the internal controls and the independence of the external auditor.

In particular, for information purposes, and notwithstanding any other tasks with which it may be entrusted by the Board of Directors, the Auditing and Control Committee will be responsible for:

- Supervising the Company's internal auditing services, which ensure the proper functioning of the reporting and internal control systems, and the head of the internal auditing function is under the obligation of submitting the annual work plan to the Committee and to directly report any incidents arising in the development thereof, as well as submitting a report on its activities at year end.

- Analysing and submitting the risk management and control policy to the Board for approval. This policy must at least identify:

  (i) The different types of risks that the Group faces, including, among others, financial or economic risks, contingent liabilities and other off balance sheet risks;

  (ii) The risk level established that the Company deems acceptable;

  (iii) The measures provided to mitigate the impact of the identified risks in the event they materialise;

  (iv) And the reporting and internal control systems that will be used to control and manage said risks, including contingent liabilities or off-balance sheet risks.

- Supervising the process of preparing the individual and consolidated Financial Statements and Management Reports, and the financial reports disclosed to the markets from time to time, ensuring the compliance with the legal requirements and the proper application of generally accepted accounting principles, reporting to the Board of Directors prior to its adoption of these decisions:

(i) the financial reports which the Company, owing to its listed status, must disclose from time to time, ensuring that the interim financial statements are drawn up with the same accounting criteria as annual financial statements and, for such purpose, it must consider whether a limited review by the Company's external auditor is appropriate;

(ii) and the incorporation of or acquisition of holdings in special purpose entities or entities domiciled in countries or territories considered as tax havens, as well as any other transactions or operations of a similar nature which, owing to their complexity, might detract from the transparency of FCC Group.

- In relation to the reporting and internal control systems:

(i) Supervising the process of preparing, and the integrity of, the financial reports referring to the Company and, as the case may be, the Group, reviewing the compliance with the regulatory requirements, the adequate delimitation of the scope of the consolidated group and the correct application of the accounting criteria;

(ii) Reviewing from time to time the internal risk management and control systems, so that the major risks are adequately identified, managed and disclosed.

Management Committee

The Management Committee is presided over by the Chairman and CEO of FCC Group and it is made up by all of the members designated by the Board of Directors in full session. Its functions include the monthly review of the financial reports of the consolidated FCC Group, most importantly in periods when said reports are to be filed with the Spanish Securities Exchange Commission (CNMV). It also monitors the FCC Group Risk Maps, as well as the action plans needed to mitigate the most relevant risks that are identified, including the risks arising from controlling the financial reporting.

General Administration and Information Technology Management

The General Administration and Information Technology Management performs the following functions related to the Financial Reporting Internal Control:

- Coordinating the Administration of the different Areas, establishing the administrative processes and procedures generally applied in the Group and promoting the uniform application of the accounting and tax policies.
- Defining and issuing the accounting standards applied in the Group.
- Drawing up and supervising the consolidated accounting and management reporting.
- Developing the accounting and tax management of FCC, S.A. and its subsidiaries not allocated to the operating Areas.
- Defining and publishing the tax criteria that are generally applied to the FCC Group, both individually and at the consolidated group level.
- Advising the different Areas in tax matters and taking part in solving any matters brought up by them.
- Designing and publishing the procedures, documents and software applications generally used in the FCC Group, for accounting and tax purposes.
- Advising the different Areas in terms of procedures and taking part in solving any matters brought up by the Areas.
- Issuing the regulations, drawing up and supervising the FCC Group budget.

Financial risk management was strengthened in 2010 by providing corporate resources to the **Control and Risk Management Department**, created as the result of a decision adopted by the Board of Directors and reporting to the General Administration and Information Technology Management, with the following responsibilities in the field of Corporate Risk management:

- Identifying the risks faced by the Company.
- Proposing the procedure that is considered adequate for monitoring and controlling those risks.
- Starting up the reporting systems needed to manage such risks.

The **Systems and Information Technology Department of FCC Group** has the following main lines of action: the homogeneity and enhancement of the functionality of the business applications, the modernisation and optimisation of the infrastructure service levels and, at an organisational level, aligning the business needs.

General Finance Management

The General Finance Management is entrusted with the centralised management of the finances of FCC Group. This entails the centralised financial management of the following aspects: financing the Group's activities, managing the Group's debt and financial risks, optimising the cash and financial asset management, the financial control and management of the Group, relations with investors, the Stock Exchange and the CNMV, analysing and financing investments, the management, monitoring and control of sureties guarantees and insurance, and the management of industrial and equity risks.

General Internal Auditing Management

The purpose of the General Internal Auditing Management is to provide the Board of Directors, via the Auditing and Control Committee, and the Senior Management of FCC Group, with whom it actively collaborates, with the effective supervision of the Internal Control system, by exercising a unique and independent governance function aligned with professional standards, contributing to Good Corporate Governance, verifying the proper compliance with applicable regulations, both internal and external, and reducing to reasonable levels the possible impact of the risks attached to achieving FCC Group's objectives. (Additional information included in section 5.1).

1.2 Items related to the process of preparing financial reports:

- **The departments and/or mechanisms are in charge of: (i) the design and review of the organisational structure; (ii) defining clear lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) deploying procedures so this structure is communicated effectively throughout the company, with particular regard to the financial reporting process.**

As defined in the Regulations of the Board of Directors of FCC, the design and review of the organisational structure and the definition of the lines of responsibility and authority is done by the CEO supported by the Management Committee, and it is ratified by the Board of Directors.

The Regulations of the Board of Directors define the responsibilities attributed to each of the Board commissions, together with the organisational structure of each of the commissions.

The CEO and the Management Committee determine the distribution of tasks and functions, seeing to it that everyone's powers are adequately known, in order to ensure that there is a proper separation of functions and efficient communication between them. The Appointment and Remuneration Commission proposes the appointment of senior management with the profile best suited to their tasks and functions.

The process of determining the organisational structure is regulated by the Group's General Standards Manual in section 10 "Organisational structure," which regulates the Bodies directly reporting to the Board of Directors, the distribution of the Group's management functions and the Appointment of Senior Management, and the rest of the levels within the Organisation.

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The Chairman/CEO is entrusted to define the lines of responsibility and authority and each Corporate Department must define its organisational structure and its lines of responsibility.

On the other hand, the Human Resources area is in charge of updating and reviewing, with the support of the relevant Departments, both the Group's organisational structure and its organisation chart. The detailed organisation chart of all of the Group functions is published on the Company Intranet.

In this respect, the General Human Resources Management is developing a project to modernise the reporting and human resources management system. Among other goals, this project is meant to clearly define the organisational structure and the lines of responsibility in order to optimise the distribution of tasks and functions.

In addition, the General Corporate Communication and Responsibility Management is responsible for establishing the procedures for the proper dissemination of the organisational structure and the lines of responsibility.

- **Code of conduct, approving body, dissemination and instruction, principles and values covered (stating whether it makes specific references to record keeping and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary actions.**

FCC Group has a Code of Ethics, approved by the Board of Directors, regulating the principles that must guide the Group's conduct and the relations between Group employees and the relations between employees and the rest of their interest groups. It is mandatory for all the people in the Group and for third parties who voluntarily accept its application.

The FCC Group Code of Ethics is a tool for guiding actions in social order, environmental or ethical issues of particular importance. The guidelines for conduct set down in the Code of Ethics refer to basic behaviour principles, relations with and between employees, internal control and the prevention of fraud, commitment with the market, the company and the community.

The FCC Group Code of Ethics includes a chapter that is closely related to control over the preparation of financial reports called "Internal control and fraud prevention" which deals with the following topics: "Manipulating information," "Use and protection of assets", "Corruption and bribery," and "Money laundering and irregular payments."

The Group has implemented an online training tool on the Code of Ethics and FCC Group also provides employees with the necessary means to comply with and contribute to the observance of the principles of action included in said Code of Ethics.

The Auditing and Control Commission, pursuant to article 41 of the Regulations of the Board of Directors, has the following powers, among others:

- Receiving from the employees, confidentially but not anonymously, and in writing, communications on possible irregularities that are potentially important, especially financial and accounting irregularities, which they become aware of in any of the FCC Group companies.

- Ensuring that the internal codes of conduct and corporate governance rules comply with regulatory demands and are adequate for the Company, and reviewing that the people subject to these codes and governance rules are in compliance with their reporting obligations of the Company.

The people in connection with the Code of Ethics are under the obligation to report any breaches of same, and for said purpose they can use the established ethical channels and procedures confidentially, in good faith and without fearing retaliation. FCC Group has established a general reporting procedure for matters related to the Code of Ethics, which is described in the "Whistleblowing Channel" section.

Also, in relation to the recent reform of the Spanish Criminal Code in terms of the criminal responsibility of legal persons, FCC Group has prepared a Manual for Preventing and Responding to Criminal Offence.

This system for preventing and responding to criminal offence considers two distinct parts:

- The first part corresponds to the preventive stage, and it consists of identifying and updating conducts entailing the risk of committing the offences that might occur in the Group, as well as planning and implementing controls to mitigate same.

- The second part corresponds to the bodies and procedures to respond to any indications that might lead to irregularities taking place within FCC Group, especially those related to unlawful acts punished by the criminal code.

- **Whistleblowing Channel, for the reporting to the audit committee of any irregularities of a financial or accounting nature as well as breaches of the code of conduct and malpractice within the organisation, stating whether reports made through this channel are confidential.**

FCC Group has a procedure in place which allows individuals to report, in a confidential manner, any actions which represent inappropriate conducts or actions in the light of the Code of Ethics.

A specific Committee has been set up whose functions are seeing to the proper functioning of the communication channel that has been established, valuing possible improvements of the controls and systems established by the Company, processing communications so that they can be solved, promoting the awareness of the Code of Ethics, and regularly preparing reports on the level of compliance thereof.

The Code of Ethics allows individuals to communicate, confidentially and in good faith, any observed actions that are contrary to the Code of Ethics. The communication paths forming the basis of the Whistleblowing Channel are:

- An html page in the Group's Intranet: internal communication channel.

- Letters are to be sent to Apdo. de Correos 19312, 28080-Madrid.

In order to guarantee confidentiality in the Whistleblowing Channel, communications are centrally received by the General Manager of Internal Auditing.

- **Training and refresher courses for personnel involved in preparing and reviewing financial information or evaluating ICFR, which address, at least, accounting rules, auditing, internal control and risk management.**

The continuous training of personnel is a basic aspect in FCC. This is set out in the values, policies and commitments approved by the Company Management. Its goals are to:

- Enable and promote employees' career development;

- Obtain better performance and efficiency from personnel in the development of their functions and the functioning of the Company.

The General Human Resources Management of FCC and the General Administration and Information Technology Management jointly develop training plans for all the personnel involved in the preparation of the Group's Financial Statements. This Plan includes permanent updating both in terms of the evolution of the business and regulatory environment of the activities carried out by the various companies in the Group and of the knowledge of the International Financial Reporting Standards and the standards and evolution of the financial reporting internal control principles.

In the year 2011, within the Corporate Training Plan, the FCC Management School included training for the management team in Corporate Finance, Economic Environment, Financial Management, Financial Administration, Analytical Accounting, Management Control and Planning, Taxation, and Mergers & Acquisitions. Also, FCC's Corporate Processes School includes training for all of the employees, consisting of Finance for non-financial personnel, Project finance, Company valuations, Analysis and valuation of investment projects, Management control, Means of payment for international trade and its accounting treatment, and Financing foreign trade. During the year 2011, 715,866 training hours were provided, of which 30,955 hours (4%) were for acquiring, updating and recycling economic and financial knowledge including accounting and auditing standards, internal control and risk management and control, as well as other regulatory and business aspects that must be known for the adequate preparation of the Group's financial reports, benefiting a total 2,006 people.

The Corporate Training Plan being prepared for the year 2012 will include, in the field of preparing financial reports and as part of the FCC Corporate Processes School, additional training on the General Chart of Accounts, Corporation Tax, Value Added Tax, International Taxation, Consolidation of Financial Statements, The new International Financial Reporting Standards (IFRS), Derivative Financial Products, Risk Management, and Evaluation of the ICFR.

2. RISK ASSESSMENT IN FINANCIAL REPORTING

2.1 Main characteristics of the risk identification process, including risk of error or fraud, stating whether:

- **The process exists and is documented.**

The Group is headed towards an integrated risk management model, which is to allow it to appropriately face the financial reporting risks as well as other risks to which its activities are subject. The adopted model allows it to develop a high level risk map, using the Enterprise Risk Management (Coso II) method, enabling reporting to Management and contributing to the definition of the Group's strategy.

In addition to the preparation of the Group's corporate risk map, risk maps are being put together by each of the business sectors in which the Group is present (Construction, Aqualia, Environment, Waste, Energy, Versia and Cements), as well as by each of the macro-processes affecting all of the Group's activities: Human Resources, Finance, Administration and Information Technology, Internal Auditing and Legal Counsel.

Given the uniqueness of the different business units in FCC Group, each one of them takes care of its risk management, and then the Group's corporate risk map is drawn up using the information that is reported.

These Risk Maps take stock of the identification of the main risks of the business areas, together with the controls established by Management to mitigate the effect of said risks and the assessment, in terms of likelihood of occurrence and their impact on the financial statements of the area being analysed. Subsequently, the action plans needed to adequately manage the key risks identified beforehand are drawn up. In addition, every four months Risk Committees are held in order to analyse and evaluate the Risk Maps of the various business areas.

The main characteristics of FCC Group's risk management are:

- Preventing and controlling the risks that may affect achieving the goals set by the Group;
- Ensuring compliance with the legal regulations in force and with the Group's standards and internal procedures;
- Guaranteeing the reliability and integrity of the accounting and financial reports.

The Risk Maps are updated annually. This risk identification process is carried out globally; therefore it includes the general risk of reliability of the economic and financial reporting without getting down to the risk events.

Additionally, the business areas, in the performance of their control functions, take action where necessary and set aside provisions to hedge the risks that might affect the Group's equity.

- **The process covers all financial reporting objectives (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), is updated and with what frequency.**

The Operational Risks identified in the Risk map include the risk of reliability of the economic and financial reports affecting each one of the business areas. For the global assessment of this risk, the objectives of the financial reporting, mainly the registration, integrity, cut-off of operations, homogeneity of the reports, validity and assessment, are generally considered.

The risk of reliability of the economic and financial reporting also considers in its assessment the risk that the I.T. means used in the financial reports may not efficiently and effectively support the present and future needs, they may not be running as planned, they may be jeopardising the integrity and reliability of the reports or they may be exposing important Company assets to potential losses or abuse. These kinds of risks are related to the following aspects: availability and capacity, secure access and availability of the reports on time, among others.

- **A specific process is in place to define the scope of consolidation, with reference to the possible existence of complex corporate structures, special purpose vehicles, holding companies, etc.**

The Group has a register of companies that is permanently updated, which includes all of the Group's equity interests, whatever their nature, whether they are direct or indirect, as well as any companies that the Group is able to control regardless of the legal form of said control, therefore including both shell companies and special purpose companies. This company register is managed and updated according to the procedures regulated by the Group's Economic and Financial Manual.

The Corporate Intranet includes an individual file for each company with all the relevant information on each of the companies: shareholders, company purpose, directors, etc.

Each of the areas in which FCC Group is organised is responsible for the maintenance and updating of the scope of consolidation of the group of companies corresponding to its business area. The Administrative Coordination Division reviews the companies in the consolidated group on a monthly basis.

- **The process addresses other types of risks (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they affect the financial statements.**

The risks associated to achieving the financial reporting objectives are an integral part of FCC Group's risk map, and therefore they take into account the effects of other types of risks.

In this respect, FCC Group, following the best business practices in this field and applying the Coso II method, has categorised risks as follows:

- **Strategic risks.** These are key risks for the Group and managing them is a priority. They include the risks related to the markets/countries/sectors in which FCC Group operates. They also include risks related to reputation, innovation, economic planning, definition of the structure and the objectives and the effectiveness of communication and the information flow.

- **Operational risks.** These are risks related to the operational management and the value chain of each of the businesses in which FCC Group operates. They include the risks related to bidding and contracting processes, the selection of partners, subcontracting and suppliers, labour risks, collection processes and customer satisfaction, as well as the risks that have an impact on the reliability of the financial reporting.

- **Compliance risks.** These are risks affecting internal or external regulatory compliance. They include risks related to compliance with the applicable laws (in the field of quality, the environment, information security, labour risk prevention, etc.), performance of agreements with third parties, and the FCC Group Code of Ethics.

- **Financial risks.** Risks associated to financial markets, generating and managing cash flows. They include risks related to liquidity, managing working capital, access to financial markets, exchange rates and interest rates.

- **Finally, which of the company's governing bodies is responsible for overseeing the process.**

The financial reporting risk identification process is supervised by the Auditing and Control Committee via the General Internal

ICFR

Auditing Management as part of its function of supervising FCC Group's internal control and risk management systems *(section 1.1 of the document herein)*.

3. CONTROL ACTIVITIES

3.1 Documentation and flow charts of activities and controls (including those addressing the risk of fraud) for each type of transaction that may materially affect the financial statements, including procedures for the closing of accounts and for the separate review of critical judgements, estimates, evaluations and projections.

As stated in the preceding section of this document, the Group is headed towards an integrated risk management model, which is to allow it to appropriately face the financial reporting risks as well as other risks to which its activities are subject. The adopted model allows it to develop a high level risk map, using the Enterprise Risk Management (Coso II) method, enabling reporting to the Management and contributing to the definition of the Group's strategy.

This integrated risk management model is geared to the fulfilment of the four major objective categories established by this model:

- Effectiveness and efficiency of operations.
- Safeguarding of assets.
- Reliability of the financial reporting.
- Compliance with applicable laws and regulations.

This is how the objectives are related to the risks that could prevent the execution thereof and to the control activities necessary to ensure that the response to these risks is adequate and that the proposed objectives are reached:

OBJECTIVES → RISKS → CONTROL ACTIVITIES

The control activities are documented in the policies and procedures that are meant to ensure that the guidelines set by the FCC Group management are complied with, and that the necessary steps are taken to face any risks jeopardising achieving the Group's objectives. The control activities are carried out in any part of the organisation, at all levels, in all of the functions, and they comprise a number of very different activities. The Company personnel use the application systems and other resources established to ensure that the control objectives are achieved and that the risk mitigation strategies are executed.

A given control activity may help the Company to achieve its objectives in more than one category (strategic, operational, compliance and financial objectives).

FCC Group has control activities implemented at the corporate level and in each of the business areas. These control activities can be grouped as follows:

- High level reviews: Reviews related to approvals, authorisations, checking and reconcilement. Senior management reviews the evolution of actual data compared to the forecasts included in the Strategic Plans and the data from prior periods.
- Direct management of concrete functions or operating activities: Reviews of the operations in relation to the objectives that are to be achieved and the risks jeopardising same.
- Processing and security of the information: Controls related to checking the exactness, integrity and authorisation of the transactions.
- Physical controls: Reconcilements done from time to time of the inventory and security of assets.

- Performance indicators: These are applied when comparing operational and financial data.

- Separation of functions: Functions are divided between different people to reduce the risk of error or fraud.

With regard to reporting system controls, a distinction can be made between general controls such as I.T. management, I.T. infrastructures, security management, and software acquisition, maintenance and development, among others, and application controls such as control digits, reasonability tests, logical tests, and predefined data lists, among others.

The control weaknesses detected by the General Internal Auditing Management in the Internal Control System are notified to the Auditing and Control Committee by means of a report listing the recommendations that are considered necessary for the weaknesses that were identified.

The specific review of the noteworthy judgments, estimates, assessments and projections used to quantify certain assets, liabilities, income, expenses and commitments recorded and/or broken down in the Financial Statements is carried out by the General Administration and Information Technology Management, supported by the rest of the General Managements. Any hypotheses and estimates based on business developments are reviewed and analysed together with the corresponding Business Departments.

Additionally, at least half yearly reviews are conducted by an external auditor, supervised by the Auditing and Control Commission.

The descriptions of Group process are included in the General Standards Manual and in the Group's Economic and Financial Manual. These procedures include the closing of accounts and the maintenance of the Accounting Plan.

Also, the Group's accounting managers are given instructions on how to record operations that have not taken place beforehand in the Group, and these criteria are included in the next update of the Manual.

Specific references in the Financial Statements to the different actions carried out in the Group related to valuations:

- Intangible assets, property, plant and equipment and investment property are submitted to an impairment test if there are indications of a loss of value, for instance due to obsolescence, with the purpose of adjusting their net book value to their value in use when the latter is lower.

- Goodwill is submitted at least once a year to an impairment test with the purpose of recording it at the lower of the fair value (estimated based on expected cash flows) or the acquisition cost (reduced, as the case may be, by the impairments from prior years).

- When there are indications of an impairment of financial assets, valuation corrections are made.

- The Group companies recognise provisions under liabilities on the consolidated balance sheet for the present obligations, arising from past events, when the Company considers it likely that when they become due there will be an outlay of economic funds in order to cancel same. These provisions affect items such as obligations in connection with long-term personnel benefits, stripping, withdrawal and rehabilitation of property, plant and equipment, environmental actions, litigation, guarantees and contractual and legal obligations, liquidation and loss of works, severance pay to works personnel, etc.

- A sensitivity test is performed on the derivatives and net debt in order to analyse the impact of a hypothetical variation in interest rates on the Group's accounts.

FCC Group furnishes financial reports to the securities market on a quarterly basis and from time to time whenever relevant facts that must be reported occur, in accordance with the law in force.

Financial reports are prepared by the Group's General Administration and Information Technology Management, which carries out certain

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control activities in the closing of the accounts to ensure the reliability of said information. Once a financial report is consolidated in a software application running in an SAP environment, it is reviewed by the General Administration Management, the Management Committee, the General Internal Auditing Management and the external auditor.

Last of all, the Auditing and Control Committee informs the Board of Directors of its conclusions on the financial reports that are presented so that, once they are approved by the Board of Directors, they may be disclosed to the securities markets.

Article 10 of the Regulations of the Board of Directors states the following with regard to the specific functions in relation to the Financial Statements and the Management Report:

- The Board of Directors shall draw up the individual and consolidated Financial Statements and the Management Report, so that they give a true and fair view of the net worth, the financial position and the results of FCC's operations, as provided by Law, following the favourable report of the Auditing and Control Committee. The integrity and exactness of said accounts will be certified beforehand by the General Administration Management and the General Finance Management, with the Approval of the Chairman, if he has executive powers, and otherwise of the CEO.

- The Board of Directors, after studying the reviews mentioned in the item above, may request any clarifications deemed appropriate from those who drafted same.

- The Board of Directors will particularly see to it that the above accounting documents are drafted in clear and precise terms enabling an adequate understanding of their contents. In particular, they shall include any remarks that are useful for said purpose.

- A member of the Board of Directors shall place on record that, prior to undersigning the preparation of the Financial Statements required by Law, the Board has reviewed the report on same that must be drawn up by the Auditing and Control Committee and, in general, the necessary information for this purpose, and such member may place on record any remarks that are considered relevant.

- On a quarterly basis, the Board will review FCC Group's accounts, following a report of the Auditing and Control Committee.

Likewise, article 11 of those same Regulations establishes the following with regard to the specific functions in relation to the Securities Market:

- In particular, the Board will perform the following specific functions in relation to the Securities Market, in the manner provided in these Regulations:

  - The performance of any actions and the adoption of any measures required to ensure the transparency of FCC for the financial markets.

  - The performance of any actions and the adoption of any measures required to foster the proper price formation of FCC shares, particularly avoiding manipulations and the abuse of insider information.

  - The approval and updating of the Internal Conduct Regulations in matters related to Securities Markets.

  - The approval of the Annual Report on Corporate Governance stated in section 116 of the Spanish Securities Exchange Act.

Last of all, article 14, "Market relations" states the following:

- The Board of Directors will adopt the necessary measures to ensure that the financial reports disclosed from time to time and any other information made available to markets is prepared according to the same principles, criteria and trade practices as the financial statements and is just as reliable as the latter.

On the other hand, the Group's Basic Standard for Internal Auditing establishes, among the functions and attributions of the

General Internal Auditing Management, the "review of the (individual and consolidated) accounting information, the Management Reports, and the financial reports disclosed from time to time to the markets, evaluating that they are correct and reliable, the compliance with the law in force and the proper application of the generally accepted accounting principles" and "suggesting internal control measures enabling the compliance with the regulations in preparing and disclosing financial reports."

3.2 Internal control policies and procedures for I.T. systems (including secure access, control of changes, system operation, continuity and segregation of duties) giving support to key company processes regarding the preparation and publication of financial information.

The General Administration and Information Technology Management is responsible for the I.T. and Telecommunication Systems of all of the businesses and countries in which FCC operates. Its many, diverse functions include the definition and monitoring of the security policies and standards for applications and infrastructures, and among these is the internal control model in the field of information technology.

FCC's internal control model considers the computer processes, which comprise the I.T. environment, architecture and infrastructures as well as the applications involved in transactions affecting the Company's main business processes, and hence with an impact on the Company's financial reporting and the closing processes. Said controls may be carried out by means of activities automated in the software programs or manual procedures.

FCC applies an internal control model to the Reporting Systems and in particular to the Economic Information System (EIS), with a view to guaranteeing the quality and reliability of the financial reporting in the closing process and therefore of the information disclosed to the markets. In this sense, the Company has a governance framework that applies to I.T. environments, with multiple, diverse functions that are defined within the policies and security standards for the application of internal control within the scope of I.T. management.

With reference to these indicators, priority is given to the following areas:

- Programs and Data Access.
- Change Management.
- Developments Management.
- Operations Management.
- Documentation Management.

Within these five areas, the following controls of the applications supporting the financial environment are considered particularly relevant:

- Information Management Policies.
- Financial environment map.
- Roles and responsibilities for the applications matrices.
- Developments and functional changes demand management.
- Infrastructure changes demand management.
- Specification and approval of tests and user acceptance.
- Technical and functional requirements specifications.
- Incident Management.
- Job Management.
- Environment Continuity Management.
- Service level agreement and management of same with third parties.
- Physical security of the Data Processing Centre (DPC).

It should be noted that the Company has a certified system of I.T. security management, based on the ISO/IEC 27001 international standard, for the Construction business area. This standard defines and establishes the principles of functionality, security and responsibility, and it may be extrapolated to different areas within the organisation.

FCC Group is aware of the importance of the security of the information it processes, has developed a set of policies and standards that help ensure the confidentiality, integrity and availability of its I.T. systems. The aspects related to the Internal Control over Financial Reporting are regulated in the "Information Security" Corporate Standard. The purpose of this standard is to ensure that the management of information at FCC Group:

- Is efficient and effective.
- Supports the business activities.
- Enables decision making.
- Ensures the confidentiality, integrity and availability of the information.

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This document defines the functional principles and the responsible bodies in terms of Information Security and it directly involves the business, evidencing the support in the following paragraph of the Policy itself:

"The CEO and the Management Committee will be responsible for:

- Establishing the general criteria for classifying and managing information assets.
- Approving:
  - The Organisation and Security Management Model.
  - The Classification and Information Assets Management Model".

One of the fundamental principles governing the application of said standard is the Principle of Information Integrity: information management will be governed by policies, standards, procedures and guides ensuring the confidentiality, integrity and availability of same.

FCC Group has a security model that, in order to be able to function, requires an organisational structure and the allocation of roles and responsibilities in the field of security:

- The Information Technology Committee will act as the highest body coordinating the security of the information within the Group.
- The Information Security and I.T. Risk Management Department defines the security requirements of the projects developing new applications and it successively validates the functionality of the mechanisms and controls implemented in the applications before they go on to the production stage.
- The Information Security and I.T. Risk Management Department is integrated within the Change Management Committee with the purpose of checking that the changes proposed for the I.T. infrastructure are compatible with the security requirements established in FCC Group's Information Security Policy.
- The Information Security and I.T. Risk Management Department uses a number of monitoring tools that analyse the operation of FCC Group's information systems, which are able to generate real-time warnings whenever they detect possible security incidents.

The Information Security process is managed as part of a continuously improving feedback cycle, which makes it possible to identify and assess the possible risks that may arise from the inappropriate management and organisation of information security.

Information is a strategic resource for FCC, therefore the adequate protection of same must be guaranteed in the performance of daily activities and in relations with external entities.

The Information Security Policy is established on the following basic principles, which are compulsory and must always be taken into consideration in any activities related to information processing:

- The information security standards are compulsory for FCC personnel.
- The information security design and management must consider FCC's business objectives.
- The information security management requires an organisational structure which represents the functional structure of FCC and must be known by all the personnel.
- The dimension of the security organisation structure will be in proportion to the security requirements of FCC.
- The protection measures must be applied proportionally to the value of the assets that need protection, the existing risks and the impact of possible security failures.
- FCC Group must ensure that all the risks are identified and that measures are taken against any threats to the security of the information it owns.

- The confidentiality, integrity and availability of the information must be preserved during the processing thereof, regardless of the medium on which it is contained or the place where it is located.

- The internal regulations implemented for the protection of information must be adapted to what is established in the legal provisions in force.

- The information that FCC Group shares with other natural or legal persons must comply with the FCC regulations body.

- Information security is the responsibility of all the FCC personnel, who must be adequately trained for the performance of their functions.

Information security is evaluated from time to time. In this respect, the Information Security and I.T. Risk Management Department carries out the following audits:

- Regulatory compliance in the field of the Personal Data Protection, every two years.
- Analysis of I.T. system vulnerability, twice a year.
- I.T. systems intrusion tests, twice a year.

3.3 Internal control policies and procedures for overseeing the management of outsourced activities, and of the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements.

FCC Group has not outsourced any relevant activities destined to executing or processing transactions that are recorded in the Group's financial statements, with the exception of the assessment of financial derivative products, the performance of actuarial calculations, and the performance of certain property appraisals from time to time.

There is an internal procedure for the hiring of external advisors which require certain levels of approval depending on the amount involved, including, as the case may be, approval by the Company's CEO. The results or reports commissioned in the accounting, tax or legal areas are supervised by the heads of the General Administration and Information Technology Management, the General Legal Counsel Management and the General Internal Auditing Management, or of other Departments if it is considered necessary.

FCC Group has outsourced the rendering of services for its I.T. and telecommunication infrastructures. As part of the contract, investments will be made in order to standardise the architecture of FCC systems, so that there are not any differences in terms of availability and integrity in the environments managed by the companies that make up the Group.

Thus, FCC guarantees that its information systems are used efficiently and assuring at the same time the optimal management of the operation of its systems according to the Best Practices model in the I.T. Services Management (ITIL).

Among the projects performed, it is important to highlight the following:

- Consolidation of the centralised I.T. infrastructure in two high-availability Data Processing Centres in Madrid.

- Full renewal of workstations in a virtual environment or with automatic backups to guarantee the availability of the information.

- Consolidation of global centres for operation services with standard tools.

- Implementation of a global, shared service desk channelling all the I.T. systems' incidents.

- Implementation of a single telecommunications network (WAN) allowing the homogenisation of user access capacity to the Group's I.T. systems.

A catalogue of services has been launched with unified service quality and measures according to pre-arranged Service Level Agreements (SLAs) as an internal control procedure to supervise the management of these outsourced activities.

4. INFORMATION AND COMMUNICATION

4.1 A specific function in charge of defining and maintaining accounting policies (accounting policies area or department) and settling doubts or disputes over their interpretation, which is in regular communication with the team in charge of operations.

The responsibility to apply the Accounting Policies of FCC Group is centralised in the General Administration and Information Technology Management, which the Group's Administrative Coordination Division belongs to and its functions, among others, are as follows: i

- Defining the Group's accounting policies.
- Issuing the accounting regulations applied in the Group.
- Solving doubts or disputes arising from the interpretation or application of the Group's accounting policies to any of its Companies.
- Analysing the individual operations and transactions that the Group has carried out or those that are planned, to ensure that they are booked according to the Group's accounting policies.
- Monitoring the new draft regulations being considered by the IASB, and the new standards approved by said body, as well as the process of how it is validated by the European Union, determining the impact they will have on the Group's Consolidated Accounts.

The Administrative Coordination Division regularly informs all those in charge of preparing the financial statements at the various levels in the Group of the amendments in the regulations, clarifying any doubts that may arise, and it in turn gathers from the Group companies the information required to ensure the consistent application of the Group's Accounting Policies and determining the impact of the application of new accounting regulations.

FCC Group's General Internal Auditing Management, details in its Internal Auditing Plan, among the various functions included within its responsibilities, that of assisting, supplementing and offering solutions to the technical enquiries received from any of the business areas in which the Group operates.

In those cases where the application of accounting regulations is subject to different interpretations, the General Internal Auditing Management and/or the General Administration and Information Technology Management may take part in the explanation to the external auditor, stating the grounds on which the interpretation of FCC Group is based.

FCC Group is made up of a large number of companies operating in different countries and is obliged to draw up its consolidated financial statements according to the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) adopted by the European Union, as detailed in the Group's Economic and Financial Manual.

The Group's Economic and Financial Manual establishes, in its first chapter, the accounting basis that should apply for FCC Group, enabling the Group's annual consolidated financial statements to be drawn up, together with any other financial statements and information to be disclosed periodically.

In FCC Group's subsidiaries, joint ventures and associated companies, where what has been established cannot be applied, the necessary information must be available in order to homogenise it by introducing the appropriate adjustments, so that the resulting information complies with the established criteria.

In order to homogenise FCC Group's economic and financial reporting according to international standards, model financial statements and a corporate accounting chart have been developed, and these are also included in the Economic and Financial Manual.

Chapter 1, section 3 specifies the assessment standards (valuation rules) and the peculiarities arising from the application of the IAS and IFRS to FCC Group, but the standards as such are not reproduced rather they are developed, interpreted and its application is materialised, thus enabling the necessary homogeneity among the Group companies.

This Manual is updated by the Administrative Coordination Division, according to the evolution of accounting standards, and it is available on the Group Intranet (FCCnet) in the chapter called "Regulations" and may be consulted by Group employees. Also, there is the possibility for users to create alerts that inform them of any updates of the manual. The last update of the manual took place during the year 2011.

The regulations are updated in a unified manner by the departments that are aware of, experienced and involved in the matter, and they are ultimately approved by the General Manager of Administration and Information Technology.

4.2 Mechanisms in standard format for the capture and preparation of financial information, which are applied and used in all units within the entity or group, and supports its main financial statements and accompanying notes as well as disclosures concerning ICFR.

FCC Group has implemented a shared reporting system based on the application in a SAP environment, which is meant, on the one hand, to meet the reporting needs for the individual financial statements and, on the other hand, to standardise and systematise the consolidation process of economic and financial reporting in the Group. This application gathers, by reporting units, at a 'company-sector' level or as legal persons, according to what is required, the information needed to put together economic and financial reports, whatever their nature, whether internal or external, the latter involving disclosures to public bodies and institutions.

This tool manages to centralise in a single system all the information corresponding to the accounting for the individual financial statements of the subsidiaries making up the Group. The system is centrally managed and it uses a single accounting plan, and the information is automatically loaded into this consolidation system from SAP.

The procedures for gathering and preparing financial reports are documented in the Economic and Financial Manual, which establishes the dates when the following will be available from the Administration and Information Technology Area: the economic and financial information to be furnished by the Administration and Finance Departments of the Business Areas (standard 8.01.01); the consolidated economic and financial documentation, on the one hand, and that corresponding to FCC, S.A. (Profit Centres and Joint Ventures), on the other hand, which is to be furnished to the Administration and Information Technology Area by the Administration and Finance Departments of the Business Areas (standards 8.01.02 and 8.01.03 respectively). These procedures do not specifically consider information on the Internal Control over Financial Reporting system, as it has been obtained via specific requests to the areas involved.

Additionally, for the annual closing of accounts and with the objective to disclose the annual financial report within the two months following the end of the financial year, pursuant to Royal Decree 1362/2007, of 19th October, in relation to the transparency requirements related to the information on issuers whose securities are listed on an official secondary market or on any other regulated market in the European Union, the General Manager of Administration and Information Technology sends out the financial year closing plan by e-mail, which includes a number of instructions for those in charge of providing the relevant financial reports. The Administrative Coordination Division will establish, clarify or extend said instructions whenever it is required.

The internal accounting policies, procedures and standards related to the account closing, reporting and consolidation processes are described in the Group's Economic and Financial Manual, which also details the information that must be furnished for consolidation purposes and defines the base documents/forms to be used for that purpose.

Another procedure for gathering the financial reports is the implementation of a tool in a SAP environment which allows the Corporate Finance Division of FCC Group to obtain all the banking information from each of the companies and with all the financial institutions they operate with.

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5. MONITORING

5.1 An internal audit function whose competencies include supporting the audit committee in its role of monitoring the internal control system, including ICFR. Describe the scope of the ICFR assessment conducted in the year and the procedure for the person in charge to communicate its findings. State also whether the company has an action plan specifying corrective measures for any flaws detected, and whether it has taken stock of their potential impact on its financial information.

The Internal Auditing Basic Standards set out the objectives and functions of the General Internal Auditing Management, enabling the Auditing and Control Committee to exercise the function of supervising the internal auditing services, pursuant to article 41 of the Regulations of the Board of Directors.

The FCC Group Internal Auditing Basic Standards, in their third heading, state that "The purpose of the General Internal Auditing Management is to provide the Board of Directors, via the Auditing and Control Committee, and the Senior Management of FCC Group, with whom it actively collaborates, with the effective supervision of the Internal Control system, by exercising a unique and independent governance function aligned with professional standards, contributing to Good Corporate Governance, verifying the proper compliance with applicable regulations, both internal and external, and reducing to reasonable levels the possible impact of the risks in achieving the objectives of FCC Group."

The General Internal Auditing Management, by delegation of the Auditing and Control Committee, has as its objective, as stated in the Group's Internal Auditing Basic Standards, under headings 4 and 5, that of evaluating the adequacy and effectiveness of the internal control systems. To this end, the Internal Auditing functions applies to the entire FCC Group in everything referring to:

- The reliability and integrity of the economic and financial reports, both internal (management information) and external.
- Systems and operations review to check the compliance with the policies, procedures and regulations approved by Senior Management, and with the laws in force.

Heading 9 of these standards also establishes the functions and powers of the General Internal Auditing Management:

- "The General Internal Auditing Management has the fundamental mission to assist the Auditing and Control Committee in the compliance with the powers and responsibilities conferred to said Committee by article 41 of the Regulations of the Board of Directors in force."
- "The functions of the General Internal Auditing Management are to supervise the efficiency of the internal controls, ensuring the compliance with legal requirements, the evaluation and enhancement of the risk management processes, and also ensuring that the financial reports that are prepared are correct and suitable for FCC Group". These functions are specifically the following:
  - Systems' analysis and evaluation ensuring the compliance with the policies, procedures, standards, regulations and plans. The sufficiency and effectiveness of the internal control systems, making suggestions for the enhancement thereof.
  - Review of the application and effectiveness of the risk management procedures and its assessing systems.
  - Monitoring compliance with the standards and guidelines established by Senior Management, especially the Code of Conduct and the General Standards Manual.
  - Review of the (individual and consolidated) accounting information, the Management Reports and the financial information disclosed to the markets from time to time,

evaluating that they are correct and reliable, in compliance with the law in force, and that the generally accepted accounting principles are applied. Suggesting internal control measures to enable compliance with standards applying to the preparation and disclosure of financial reports.

- Checking that assets really exist and the systems guaranteeing its integrity and safeguarding.
- Supporting the different areas in their technical relations, control and monitoring with external auditors.
- Assisting the members of the Group's Organisation, furnishing them with analyses, recommendations, advice and information on the activities reviewed. Reporting any incidents that are detected to Senior Management and recommending corrective actions.
- Compliance with the Annual Auditing Plan, reporting from time to time on its evolution.
- Supervising the work of the external auditors, asking for and receiving information on any aspects related to the progress of the audits, acting as a communication channel between the external auditors and the Auditing and Control Committee, submitting the conclusions of the review by the external auditors and, especially, any circumstances that might jeopardise their independence. They shall also make proposals on the appointment of the external auditors to enable the Auditing and Control Committee to meet its obligations with the Board of Directors.
- Any other functions entrusted by the Auditing and Control Committee.

The General Internal Auditing Management will act independently of the management areas. A resolution of the Board of Directors, passed on 26th October 2004, establishes that the General Internal Auditing Management is functionally dependent upon the Auditing and Control Committee and organically dependent upon the Chairman of FCC Group. The members of the General Internal Auditing Management perform their functions independently, without sharing their responsibilities with other business units.

During the year 2010, FCC Group's Auditing and Control Committee commissioned a joint task to be performed by the General Internal Auditing Management and the General Administration and Information Technology Management, with the active involvement of the business areas, with the purpose of enhancing the Corporate Risk Management process, with the objective of making it a process that:

- Is on-going and flows throughout the Company.
- Is carried out by people on each of the levels in the Organisation.
- Is used for establishing the strategy.
- Is applied throughout the Company, on every level and in every unit, including a view of risk as seen on each level in every business sector.
- Is designed to identify potential events that could affect the Company and to manage risks within accepted risk tolerance levels.
- Provides reasonable security to the Group's Management and to its Board of Directors.
- Is geared towards achieving the objectives.

To this end, the General Administration and Information Technology Management has allocated funds to the Management Control and Risk Management Department, which works alongside the General Internal Auditing Management to fulfil this task.

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With the support of the risk managers from the different business areas, the Group's Senior Management is being guided towards a process of redefining and improving said risks, both in terms of defining and allocating the responsibility for managing them in the operational field as well as the elaboration of procedures and methods, among which the following are included:

- Identifying the key risks for FCC Group according to the potential threat they represent for achieving the objectives of the organisation.
- Risk evaluation. The risk assessment scales are defined according to their potential impact in the event they are materialised and their probability of occurrence.
- Risk categorizing.
- Optimising controls and risks by establishing action plans and monitoring same where necessary.
- The mechanisms for reporting from time to time the results of the risk evaluation and its monitoring.

From time to time, the Management Control and Risk Control Department identifies, in cooperation with the Heads of each of the business areas, what risks have materialised in the Group and it quantifies the residual impact of each one of them, reporting it to the Auditing and Control Committee.

The worsening of the economic environment over recent years has increased the exposure of companies to different risks. In this respect, the Group's General Internal Auditing Management, as detailed in the Auditing Plan prepared in compliance with the Basic Auditing Standards, considers that it is necessary to analyse and evaluate, via a number of different indicators, the impact on the business areas, with the purpose of advising the Auditing and Control Committee and preparing the relevant recommendations allowing it to minimise the impact of risks related to the financial reporting that may affect the Group.

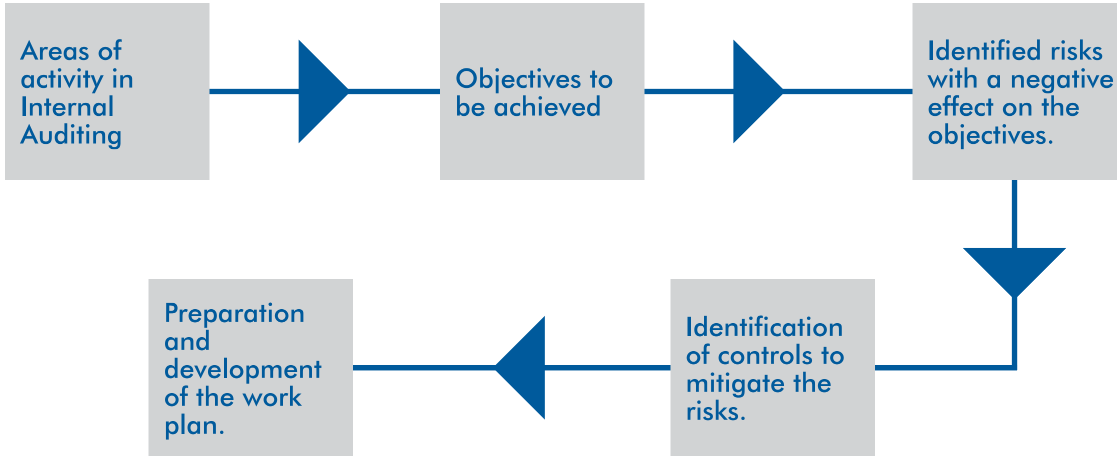
The scope of the auditing tasks is defined according to these variables, in order to provide the Auditing and Control Committee and Management in general with reasonable security on the proper functioning of the internal control systems, on the compliance with the policies for managing the main risks of the Group and on the reliability of the economic and financial reports prepared by Management and submitted to the Board of Directors for approval.

The fundamental role of the Auditing and Control Committee is to support the Board of Directors in its surveillance tasks, by reviewing from time to time the process of preparing the economic and financial reports, its internal controls and the independence of the external Auditor.

The Auditing and Control Committee holds meetings with the external auditor and listens to the explanations given by the General Manager of Finance and the General Manager of Administration and Information Technology.

The auditing plan does not include the tasks that may be carried out by the Internal Auditing Departments of the FCC Group listed companies Cementos Portland Valderrivas and Realia, notwithstanding the coordination tasks performed by the different Internal Auditing Departments, with the purpose of reporting to the FCC Group Auditing and Control Committee the effect that the risks of said Groups may have on the consolidated financial statements of FCC Group.

The Auditing Plan (prepared in compliance with the Basic Auditing Standards) follows the plan given below:



The 2011 Auditing Plan includes a number of tasks related to the review of the internal control system of the Group's financial reporting, in a number of areas:

- I.T. Auditing: There have been reviews of the role and the segregation of duties matrices within the process of migrating to the corporate SAP, tasks for the review of General I.T. Controls in the Construction, Industrial Waste and Environmental areas, and works to validate the effectiveness of automatic controls in the SAP used for Machinery at FCC Construcción, among others.

- Environmental auditing: Review of the models for estimating environmental provisions in WRG.

- Reviews of the financial reporting in the different business areas: Construction, Industrial Waste, Water Services, Energy, Environment and Versia, mainly the reporting that refers to provisions, judgments and estimates.

- Analysis of the audit opinions on the companies audited: Systematic analysis of the audit opinions on companies in FCC Group, with the objective of monitoring any companies for which a qualified opinion is issued.

- Following-up the reporting obligations to financial institutions (covenants): Coordinating this task between the external auditors and the business areas, analysing and reviewing the information prepared by said areas, which must be certified by the auditor. Involvement in the process of certifying financial ratios determined regarding statutory financial statements that were already audited.

- Criminal liability of the Legal Person: Evaluation of the design of the controls implemented in FCC in relation to the modification of the Spanish Criminal Code, verification of the measures and controls established in the Group in order to prevent and detect any such offences.

- Internal communication channel: Review of the compliance with the communication obligations established in the Internal Conduct Regulations and the Code of Ethics of FCC Group.

- Monitoring of the internal control recommendations issued in prior years.

- Other functions of the review of financial reports: Supervision of the quarterly, half-yearly and annual financial statements and Notes thereto. Internal Auditing reviews the consolidated and individual financial statements, in order to identify whether the sums and the information broken down in these statements is in compliance with the IFRS or PGC (Spanish General Chart of Accounts) standards. In addition, the reports sent from time to time to the CNMV are reviewed.

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- Technical queries: Internal Auditing collaborates in responding to queries related to the accounting treatment of certain transactions owing to their complexity.

As stated in the Regulations of the Board of Directors of FCC, in article 41.3 on the reporting and internal control systems, the Auditing and Control Committee will have the power to "Receive from the employees, confidentially but not anonymously, and in writing, any communications on possible irregularities that are potentially important, especially financial and accounting irregularities, which they become aware of in any of the companies belonging to the FCC Group." As a measure of good corporate governance, this communication has been extended so as to allow the possibility to submit proposals to the Organisation to enhance the internal control systems, and the accounting procedures or practices.

5.2 Discussion procedure whereby the auditor (pursuant to TAS), the internal audit function and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or other assignments, to the company's senior management and its Audit Committee or Board of Directors. State also whether the entity has an action plan to correct or mitigate the weaknesses found.

The FCC Group Internal Auditing Basic Standards, in heading seven, section i), states that "The Auditing and Control Committee will be informed, via the General Internal Auditing Management and its relations with the external auditors, of the preparation of the financial reports, of the proper application of generally accepted accounting principles, and of compliance with legal requirements and on the functioning of the internal control systems."

As stated in the preceding paragraph, the purpose of the General Internal Auditing Management is to provide the Board of Directors, via the Auditing and Control Committee, and the Senior Management of FCC Group, with the effective supervision of the internal control systems.

This objective consists of furnishing the Senior Management of FCC Group with an independent opinion on the Organisation's ability to achieve its objectives, by means of a systematic and methodological approach towards the evaluation, management and enhancement of the effectiveness of these processes:

- Risk Management: Processes used by Management to identify, evaluate and respond to the potential risks that may affect whether the organisation achieves its business plans set out in the Strategic Plan.

- Internal Control: The policies, standards, procedures and activities making up the control system established by FCC Group to ensure the proper management and risk reductions.

As detailed in the above indicator, heading 9 of the Group's Internal Auditing Basic Standards establishes among the functions and powers of Internal Auditing that of "assisting the members of the Group's Organisation, furnishing them with analyses, recommendations, advice and information on the activities reviewed. Reporting any incidents that are detected to Senior Management and recommending corrective actions."

The General Internal Auditing Management of FCC Group reports to the Auditing and Control Committee from time to time any significant internal control weaknesses identified during the performance of their tasks, giving recommendations to adequately correct them.

With the purpose of ensuring that the financial reports submitted to the Auditing and Control Committee have been prepared according to generally accepted accounting principles and that they offer a true and fair view of FCC Group, the General Internal Auditing Management conducts a number of processes for the review of the accounting information (both (individual and consolidated), the Management Reports and the financial reports disseminated to the markets from time to time.

Additionally, the Group's auditor has direct access to the Group's Senior Management, and holds meetings with same from time to time, both to obtain the information needed to perform the work and to communicate any control weaknesses detected. The external auditors present the conclusions of their reviews to the Auditing and Control Committee at least three times a year, detailing the internal control weaknesses that have come up while reviewing the Group's financial statements, including any aspects they consider relevant.

6. OTHER RELEVANT INFORMATION

N/A

7. REPORT BY THE EXTERNAL AUDITOR

7.1 State whether the ICFR information supplied to the markets has been reviewed by the external auditor, in which case the corresponding report should be attached. Otherwise, explain the reasons for the absence of this review.

The information included here on the Internal Control over Financial Reporting was reviewed by the External Auditor, and the report thereof is attached as an Appendix to this document.

AUDIT REPORT

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

REPORT ON THE DISCLOSURES ON INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) OF FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. FOR 2011

To the Directors of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.:

Under Spanish Securities Market Law 24/1988, of 28 July, as amended by Sustainable Economy Law 2/2011, of 4 March, for financial years beginning on or after 1 January 2011, the Annual Corporate Governance Report ("ACGR") must include a description of the main characteristics of the internal control and risk management systems in relation to the regulated financial reporting issuance process. In this connection, on 26 October 2011 the Spanish National Securities Market Commission (CNMV) published a draft Circular, modifying the specimen Annual Corporate Governance Report to be published and including the manner in which entities should approach the description of the main features of their ICFR system. In its letter, dated 28 December 2011, the CNMV provides a reminder of the aforementioned changes in the law that must be taken into consideration when preparing the "Disclosures on the ICFR system" until final publication of the CNMV Circular defining a new ACGR model.

For the purposes of subparagraph no. 7 of the ICFR of the contents of the specimen annual corporate governance report, included in the draft CNMV Circular, whereby entities are required to indicate whether the description of the ICFR system has been reviewed by an external auditor and, if so, to include the relevant report, on 28 October 2011 the financial auditors' representative bodies published Draft Guidance, together with a specimen guideline auditors' report ("the Draft Guidance"). On 25 January 2012, the Spanish Institute of Certified Public Accountants established certain additional considerations in this connection in its Circular E01/2012.

As requested by the Board of Directors of Fomento de Construcciones y Contratas, S.A. ("the Entity") and in accordance with our proposal-letter dated 9 January 2012, we have applied certain procedures on the accompanying "Report on the system of internal control over financial reporting (ICFR)" of Fomento de Construcciones y Contratas, S.A. for 2011, in which the Entity's internal control procedures relating to its annual financial reporting are summarised.

The Board of Directors is responsible for taking appropriate measures to reasonably ensure the implementation, maintenance and supervision of an adequate system of internal control and for making improvements to that system and for preparing and establishing the contents of the accompanying Disclosures on ICFR.

In this regard, it must be borne in mind that, irrespective of the quality of the design and operativity of the internal control system implemented by the Entity in connection with annual financial reporting, such system can only provide reasonable, but not absolute, assurance in respect of the objectives it pursues, due to the limitations inherent to any internal control system.

In the course of our audit work on the financial statements and pursuant to the Technical Auditing Standards, the sole purpose of our assessment of the Entity's internal control was to enable us to establish the scope, nature and timing of the audit procedures to be applied to the Entity's financial statements. Therefore, our assessment of internal control performed for the purposes of the aforementioned audit of financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial reporting.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

AUDIT REPORT

For the purpose of issuing this report, we applied exclusively the specific procedures described below and indicated in the Guidance on the auditors' report relating to Disclosures on Internal Control over Financial Reporting in Listed Companies, published by the Spanish National Securities Market Commission on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Since the work resulting from such procedures has, in any case, a reduced scope that is substantially less than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or on its design or operating effectiveness, in relation to the Entity's annual financial reporting for 2011 described in the accompanying Disclosures on ICFR. Therefore, had procedures additional to those provided for in the aforementioned Guidance been applied or an audit or a review of the system of internal control over the regulated annual financial reporting been performed, other matters or aspects might have been disclosed which would have been reported to you.

Also, since this special engagement does not constitute an audit of financial statements and is not subject to the Consolidated Spanish Audit Law, approved by Legislative Royal Decree 1/2011, of 1 July, we do not express an audit opinion in the terms provided for in that Law.

The procedures applied were as follows:

1. Reading and understanding of the accompanying disclosures on ICFR prepared by the Entity and assessment as to whether such disclosures address all the information required in accordance with the minimum content described in the specimen Annual Corporate Governance Report of the draft CNMV Circular.

2. Making inquiries of the employees responsible for preparing the disclosures detailed in point 1 above, with a view to: (i) gaining an understanding of the preparation process; (ii) obtaining the information required in order to assess whether the terminology used is adapted to the definitions provided in the reference framework; (iii) obtaining information on whether the aforementioned control procedures have been implemented and are in use at the Entity.

3. Review of the explanatory supporting documentation for the information detailed in point 1 above, including the documentation furnished directly to the employees in charge of preparing the information describing the system of ICFR. In this respect, the aforementioned documentation includes reports prepared by the internal audit department, senior executives and other internal or external experts providing support functions to the Audit and Control Committee.

4. Comparison of the information detailed in point 1 above with our knowledge of the Entity's system of ICFR obtained as a result of the application of the procedures carried out as part of the audit of its financial statements.

5. Perusal of minutes of meetings of the Board of Directors, the Audit and Control Committee and of other Entity committees in order to assess the consistency between the ICFR issues addressed therein and the information detailed in point 1 above.

6. Obtainment of the representation letter concerning the work performed, duly signed by those in charge of the preparation and authorisation for issue of the disclosures detailed in point 1 above.

2

The procedures applied to the Disclosures on the system of ICFR did not bring to light any inconsistencies or incidents that might affect the Disclosures.

This report has been prepared exclusively in the context of the requirements of Spanish Securities Market Law 24/1988, of 28 July, amended by Sustainable Economy Law 2/2011, of 4 March, and the provisions of the draft CNMV Circular, of 26 October 2011, for the purposes of the description of the system of ICFR in Annual Corporate Governance Reports.

DELOITTE, S.L.

Miguel Laserna Niño

27 February 2012

3

CORPORATE SOCIAL RESPONSIBILITY REPORT 2011

FCC GROUP: TAKING A LEADING ROLE IN TODAY'S CHANGES

INTERVIEW WITH BALDOMERO FALCONES

The FCC Group has been providing company services to citizens for over 100 years. How do you make this aspect compatible with today's current need for constant change?
The renewal of the company's values in 2011 has been a very interesting and enriching reflection exercise. At FCC we are very clear that our mission is to help create environments for citizens that will make their lives easier, healthier, more comfortable and, ultimately, fulfil the collective desire for a more sustainable development. These renewed principles have much to do with the fact that FCC is considered a referential company for a long time: we want to do things well; we carry out our activities with integrity; we use resources efficiently; and we try to work closely with citizens so we can take their expectations and needs into account in our decision-making.

FCC wants the principles of integrity, efficiency, proximity and doing things well to be reflected in its daily work. But how do you see the company's long-term future?
We are facing new social challenges that influence the style of business and how it is developed. The short-term limited access to capital we are experiencing is on a scale similar to what will happen to the use of natural resources in the medium term. We believe that FCC is well-prepared to face both challenges. We have a proven track record as designers of solutions capable of transforming urban communities into efficient and sustainable environments.

What actions are being considered by FCC in order to develop these future sustainable opportunities?
Global demand for infrastructures, services and renewable energy (FCC's business activities are concentrated on these sectors) is huge and unlimited. Our vision is to focus the Group's strengths on taking advantage of the opportunities for profitable growth generated by these three areas of activity. In 2011, we took stock of the activities in our Corporate Responsibility Master Plan 2009 – 2010 in order to determine where we were and the paths to be taken to become the sustainable citizen services company that truly responds to the needs of the cities of the future.

This prior work led to our Third Master Plan 2012 – 2014, which sets out actions, responsibilities, objectives and timelines, all grouped under three headings: 1) connecting with citizens, to transform citizens into the protagonists of a sustainable city; 2) intelligent services, to develop solutions in the sustainable urban communities of the future;

CSR INTERVIEW

and 3) exemplary behaviour, that should position FCC as a point of reference in integrity and business ethics. These three principle areas will define all the company's activities.

How does a company as diversified as FCC coordinate its corporate responsibility strategy among its businesses?

FCC's business and geographical diversification is one of our hallmarks, and we believe that in the long-term it is optimal from the standpoint of creating value for the shareholder, although it is true that it does entail some difficulties in terms of defining lines of work related to corporate responsibility. That is why our Master Plan 2012 – 2014 is the backbone of the company's global corporate responsibility strategy, to be carried out through activities coordinated in different corporate areas such as committees focusing on corporate responsibility, climate change, risks and innovation.

One of the outstanding features of your corporate responsibility strategy is how it connects the business with the sustainable trends and needs of the cities of the future. What role do citizens play?

Cities already house most of the world's population, and our priority is to design activities and services that give real answers to the needs that ensure the sustainability of infrastructures, services and community consumption patterns. In order to succeed in this great challenge, we cannot disregard citizens' hands-on knowledge. At FCC we want to know how to interpret, from our businesses' point of view, the changes that are generating – particularly in urban areas – the energy, social and demographic scenarios that are emerging in this new century. We are setting up communication channels in the cities we serve so that citizens can be our main allies in this great effort. We want to promote activities that improve the sustainable development of cities, engaging citizens in developing innovative solutions, making our know-how available for the implementation of local development programmes and establishing citizen platforms to identify and develop sustainable ideas.

FCC's commitment to transparency and integrity are well-known as a result of its presence in various leading forums in this field and the actions undertaken within the company. What is it that sets FCC apart in this regard?

It is true that there have been several significant events in this area in line with our strong commitment to integrity, a policy that has been driven by our majority shareholder. We renewed our Code of Ethics in 2011 in order to unify and strengthen the identity, culture and behaviour guidelines of the FCC Group. We have also developed a Crime Prevention and Response Manual. Adapting the Code to the recent reform of the Spanish Criminal Code, its application to all employees and adjusting the company's ethics programme to the Federal Sentencing Guidelines, along with the application of our Code of Ethics to our supply chain, all this represents a benchmark for the industry.

The fight against climate change is already on the agenda of big companies. How is FCC facing this challenge?

The climate change challenge is a fact that will no doubt transform our society. Up until now we were focused on how to reduce greenhouse gases, but we must also begin to see the need to work on adapting them. We have recently set up a Climate Change Committee to continue learning and to implement actions that help us to be better prepared, not only from the standpoint of it as a risk but also as a business opportunity. The reduction of these emissions will, besides generating benefits for people, provide opportunities for new services and products.

In terms of environmental issues, one of FCC's commitments is to sustainable management of urban waste. What activities is FCC carrying out in this field?

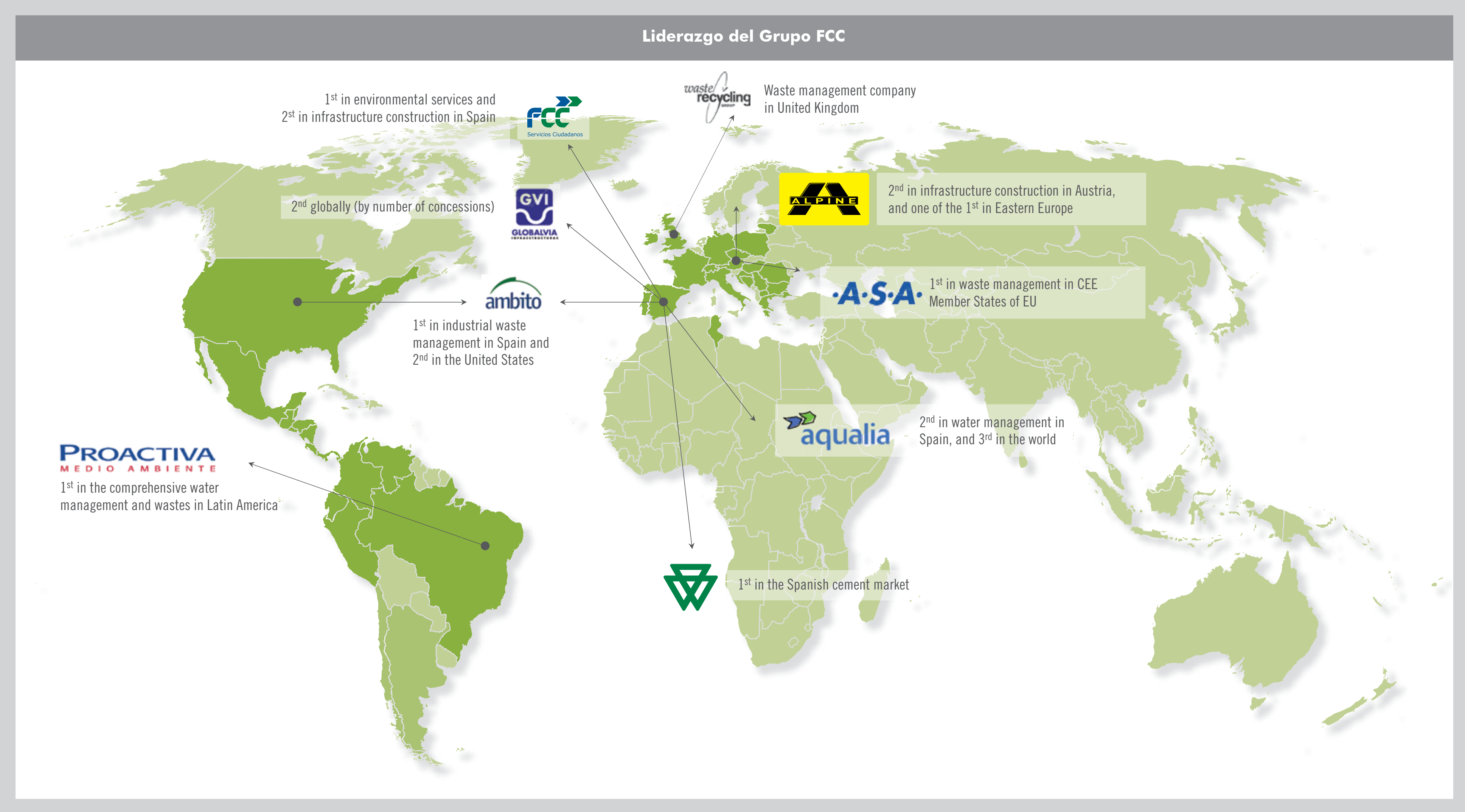
We believe that sustainable management is closely linked to innovation. We invest significant financial and human resources in R & D & i; in 2011 these amounted to over 16 million euros. These projects are focused primarily on developing the strategic backbone of our intelligent services aimed at mitigating and adapting to climate change. Some examples are hybrid-electric vehicles used to collect urban waste, crop plantations in the UK designed to produce biofuels, or the All-Gas project that uses wastewater to cultivate microalgae for biodiesel production.

We have just come to an end of what has been a difficult year from a macroeconomic perspective. What was 2011 like for FCC, and what are the expectations for the upcoming years?

Once again, we have had to manage the Group within an international economic context full of uncertainty, especially with regard to the Euro Zone's ability to overcome the crisis that became apparent 4 years ago now. Due to our corporate principle of being close to the communities where we operate, we are concerned with the increased unemployment levels in some of the countries where we are present. Globally, we have put in a lot of effort to maintain employment levels to the extent that at the end of 2011, FCC slightly increased the number of employees, although it is true that this is the consequence of setting up businesses in new countries, which has compensated contractions experienced in some of our domestic markets. In general terms, the crisis is a threat as well as an opportunity to accelerate the Group's transformation process and its adaptation to the new economic and social circumstances. To this end, we are going to persevere with our main strategies: more internationalisation, financial stability, efficient policies and to defend the way we do business close to peoples' needs and in harmony with the environment.

Baldomero Falcones Jaquotot
Chairman and Managing Director

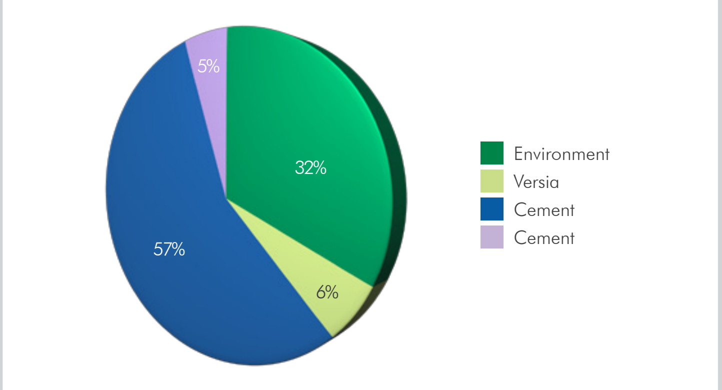
CSR THE LEADERSHIP OF FCC GROUP



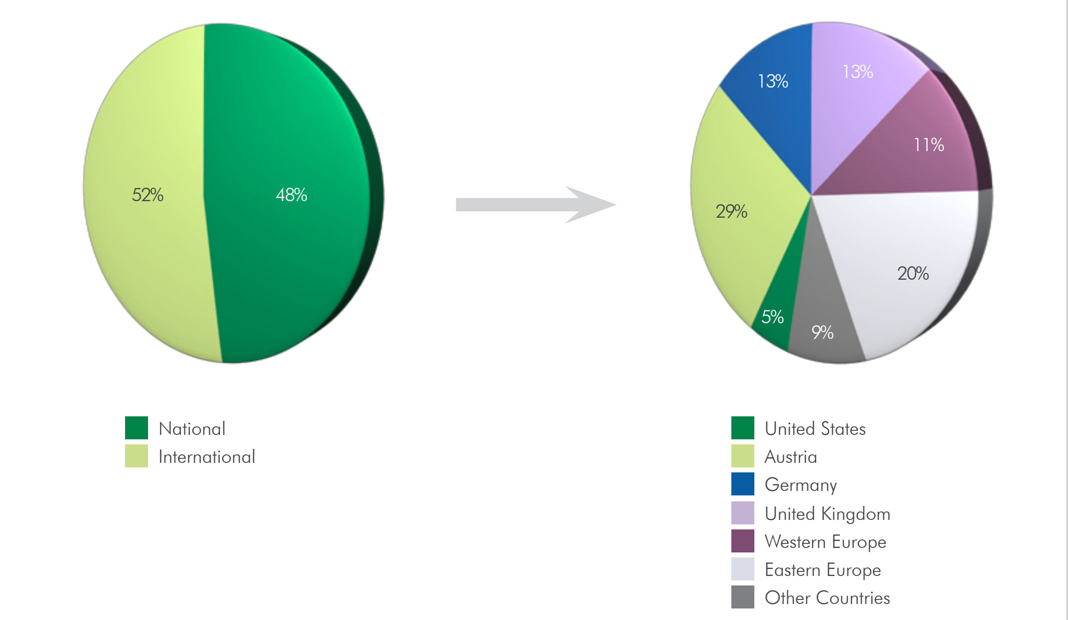
THE FCC GROUP IN FIGURES CSR

	2011 Revenues (M€)	Variation/2010 (%)	EBITDA 2011 (M€)	Variation/2010 (%)
Environment	3,735.4	+1.7%	697.9	+6.1%
Construction	6,686.2	-0.1%	303.9	-14.5%
Cement	609.1	-19.1%	150.1	-30.7%
Versia	767.3	-9.3%	114.9	-17.3%
Others	(43.2)	-24.6%	(14.5)	n.a.
Total	11,754.8	-1.3%	1,252.3	-8.3%

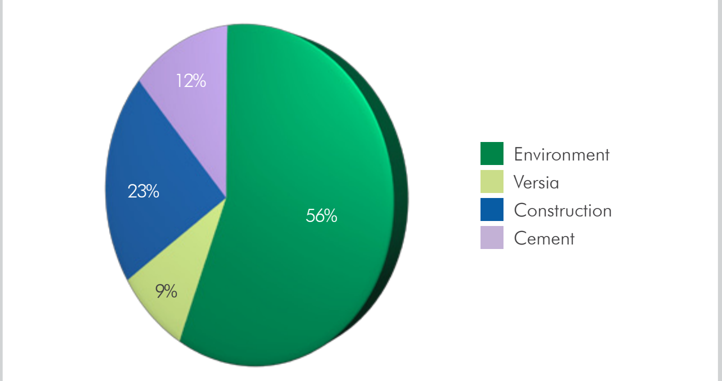
Revenue by business area



Turnover by Geographical Zones



EBITDA by business area



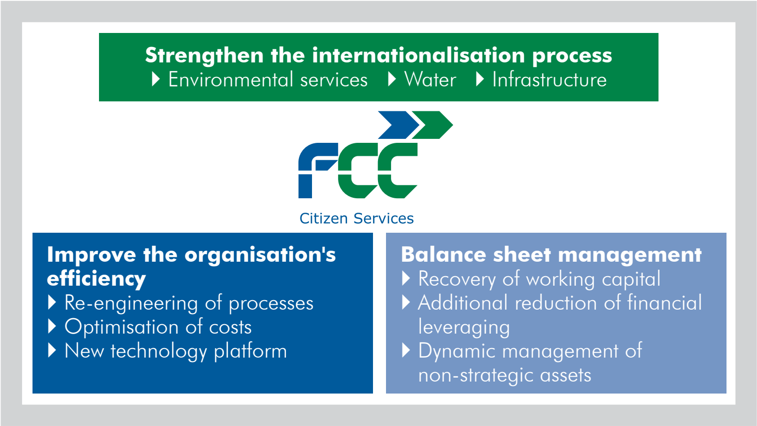
CSR FCC, PREPARED FOR A CHANGING WORLD

FCC is an international, diversified group providing citizen services. Its mission is to contribute with its goods and services to the creation of sustainable communities, making citizens' lives easy, comfortable and healthy, in a way that is environmentally and people-friendly. The FCC Group's strategic priorities are: financial stability to cope with the economic situation based on a sound budgetary position; internationalisation – which balances the business; efficiency in the provision of services; and Corporate Social Responsibility.

The 2011 economic context

A severe economic crisis that greatly influenced trade relations and provision of services marked 2011, especially on the national level. The decrease in the consumption of basic resources such as food and water and budgetary restraints in the public sector have resulted in a reduction in the consumption of associated basic services. The FCC Group's activities were not immune to the economic context, although management efficiency and the strength of the different lines of business enabled the company to meet its business objectives.

In 2011, the FCC Group reached a milestone in terms of the weight of international business activities, which – for the first time in over one hundred years of company history – contributed over 52% of total sales. In this regard, the FCC Group believes that the company's strengths, such as its significant geographical and industrial diversification, its team of highly qualified and responsible staff, its technological know-how and its leadership in social responsibility are tools that permit taking advantage of the opportunities generated by these growth patterns and by sustainable development.



Corporate Governance involvement in the sustainability strategy

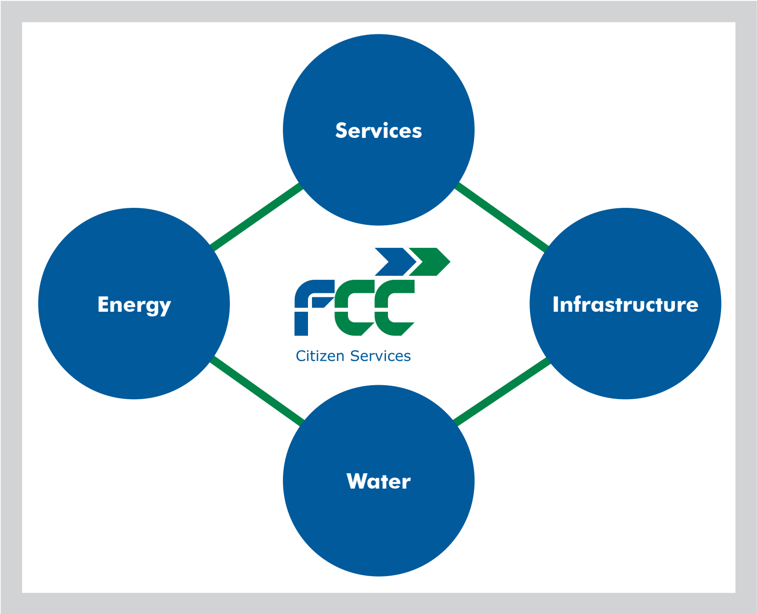
The company's strategic commitment to sustainable development as the driving force behind the Group's businesses provides the backbone for the corporate responsibility actions from senior management to lines of business, with common principles, attitudes and values stemming from the Board of Directors that define the day-to-day activities of FCC Group employees.

A century-old corporate culture and solid values have enabled the company's businesses to develop on the basis of lasting relationships that are transparent and mutually beneficial to those with whom the company interacts. FCC believes that integrity and transparency should shape the framework for action all its professionals wherever the company operates. As a result, its main focus is to promote exemplary behaviour based on referential ethical principles and aimed at developing FCC's people as well as at providing services for citizens.

Balanced business model

The FCC Group's diversification allows it to offer comprehensive services to citizens, from the provision of community services and the building of infrastructures, to the promotion of renewable energies. For this reason, the company is committed to combining its range of products and services under one umbrella: the concept of Citizen Services.

The meaning of Citizen Services includes the FCC Group's commitment to integrate sustainable development and corporate responsibility, factors essential for the prosperity of societies in coming decades, into its business strategy. The FCC Group is a pioneer in the development of a model for a sustainable city, and helps societies grow and thrive, from all business activity areas.



Adapting to new scenarios

FCC Group is well aware that the world is changing. Based on its century-long experience and with an eye to the present and the future, in 2011 the company developed its Third Master Plan 2012 – 2014. It was approved by the Board of Directors in November 2011, after considerable reflections on the challenges posed by urban communities and on how the FCC Group can provide solutions. The company is aware that its success in meeting the objectives of the Plan lies largely in its ability to adapt the changes implemented to the new social, energy and demographic scenarios that are emerging.

The future of cities poses many challenges, but also huge opportunities for associated businesses. As a citizen services company, FCC Group is trying to respond to these challenges by considering them as opportunities to satisfy the expectations of stakeholders.

CSR FCC, PREPARED FOR A CHANGING WORLD

CHALLENGES FOR THE CITIES OF THE FUTURE

More efficient buildings, communities and services

Influencing bodies such as the World Economic Forum, state that over 70% of Greenhouse Gas emissions in cities come from buildings.

New products, services, technologies, systems and models need to be developed that are able to offer more well-being with lower energy and water consumption, among others.

Energy a leading role in the design of cities of the future

It is estimated that investment in energy efficiency and renewable energies will increase.

Concepts such as energy efficiency, smart grids and energy storage will be promoted by means of agreements between the public and private sectors, investment in innovation and cooperation between cities.

Waste management a problem related to continual development

Legislation actively promotes efficient waste elimination. Waste recycling and recovery is encouraged in response to the growing amount of waste produced in cities.

Water shortages in view of increased demandez

Water Resource Group estimates that water needs worldwide in 2030 could increase to levels 40% higher than current capacity.

The answer to these issues and the improvement of citizens' quality of life is and will be the key line of work for FCC Group, a company that has the technical skills and innovation capacity required to meet the new reality of cities.

FCC Group's technical abilities and innovation capacity

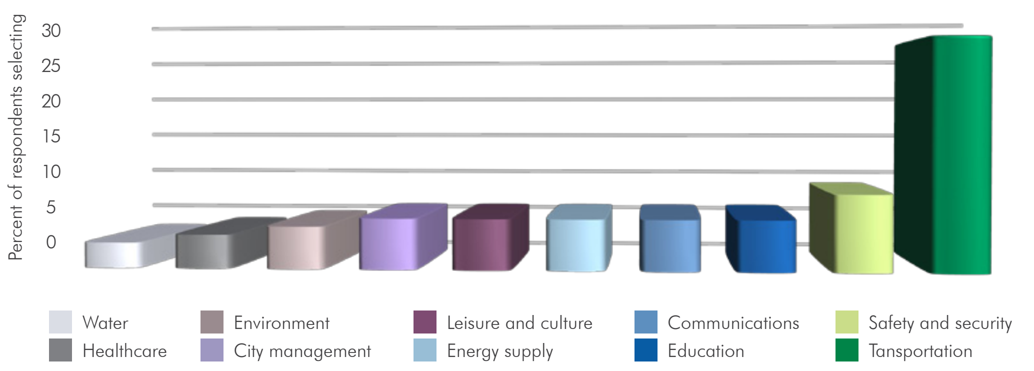
- Appropriate management of water resources throughout its entire life cycle.
- Efficient use of fossil fuels and promotion of renewable energies.
- Management of industrial and domestic wastes.
- Development of intelligent urban systems to accommodate demographic growth.
- Implementation of accessibility solutions to help meet the needs of an aging population.
- Generalisation of more efficient and environmentally friendly transport.

CHALLENGE I
POPULATION CONCENTRATED IN LARGE CITIES

Urban areas account for the majority of the world's population; undeniably, in 2008 urban population exceeded rural population. United Nations' predictions indicate that by 2050, three quarters of the world's population, some 6.9 billion people, will live in cities.

At the same time, cities have become consumption centres and are the origin of 67% of global primary energy demand. In other words, urban communities are the driving force behind economic prosperity, but they are also the main emissions centres: in 2007, the 10 cities with the highest amount of economic activity generated a GDP higher than all the last 162 countries on the list of countries ordered by their GDP together. They also produced 70% of global urban CO_2 emissions.

Infrastructure area most important in attracting economic investment



Source: World Economic Forum: Slim City: Urban Mobility.

For these reasons, FCC Group sees cities as the centre of the challenges created by sustainability, as they are where innovative solutions with significant and rapid impacts should be implemented.

Opportunity: innovation in infrastructures

Increasingly, when defining certain sustainable conditions in the contract terms, such as reducing carbon emissions, public authorities require the companies awarded the contract to offer energy-efficient solutions. The infrastructure division in the FCC Group (CFF Construcción and Cementos Portland Valderrivas) covers the complete cycle of the concession, from project design and execution of the work, to its maintenance, operation and return to the Public Administration when the concession comes to its end. This is one of the company's bastions of innovation through sustainable construction activities in all its phases and the development of new products in its cement businesses.

Infrastructure procurement policies can have a significant influence on the sustainability of the construction works and on support for local economies. The possibility of using locally sourced building materials with a higher-than-average recycled content is increasingly taken into account in construction works. Setting a minimum amount of recycled material in the procurement of building materials is a growing practice.

CSR CHALLENGE I

FCC Group leverages the synergies between sustainable construction activities requiring new, more efficient materials and recycled materials, and the measuring and control of the impacts of its activities. For FCC Construction and Cementos Portland Valderrivas, measuring their carbon footprint, monitoring environmental indicators and developing innovative projects and products are essential to remaining in leadership positions in their respective markets.

FCC Construcción

FCC Construction, with an accumulated experience of more than 110 years, is FCC Group's referential company in the construction and citizen services market, contributing over 56% to the Group's turnover. Its activities cover all areas of construction, and it is one of the world's leading companies in civil works (roads, railways, airports, hydraulic and marine) and building works (residential and non-residential) in both the national and international markets.

It also has a proven track record in developing projects under concession and also has a number of subsidiary companies devoted to industrial and energy sectors and in construction-related businesses.

FCC Construction has a stable presence in different countries around the world, where it acts directly or through its local companies, subsidiaries and holdings.

FCC Construcción's 2011 turnover amounted to 6,686.2 million euros.

CEMENTOS PORTLAND VALDERRIVAS

The FCC Group is the majority shareholder in Cementos Portland Valderrivas, the largest Spanish cement group. Its activities are focused on the manufacture of cement and concrete and on the production of aggregates and mortars.

Cementos Portland Valderrivas has eight cement manufacturing plants in Spain. In addition, the concrete division has 104 plants operating and the mortars division has 14 production facilities. Lastly, the aggregates division, which specialises in the operation of gravel pits and quarries, has 28 production plants.

Moreover, in the United States it has three cement factories in Pennsylvania, South Carolina and Maine, and nine concrete plants. In Tunisia, the business has one cement plant and four concrete plants.

GCPV's 2011 turnover amounted to 609 million euros

In addition, transport is one of the challenges that large cities have to cope with. Urban infrastructure will be a point that will mark the competitive difference among cities, according to the Siemens Megacity Challenges study. Investment in transport and communications infrastructures is one of the most important determinants of urban growth and economic development. Traditionally, infrastructure development has been linked to financial performance variables, such as saving time or reducing accidents. Future investments could focus on considering its contribution to improving the lives of citizens. FCC Versia offers a response to the needs of modern cities by providing logistic services, by maintaining urban infrastructures and by the distribution of vehicles and special equipment for environmental services.

FCC versia, s.a.

FCC Versia groups together different activities, which are a diversification of FCC businesses. These businesses are street furniture, logistics, airport handling, maintenance of urban infrastructures and the distribution of vehicles and equipment necessary for environmental services. All these activities have a common denominator: their end-users are mainly city inhabitants. They offer essential citizen services in public spaces, for supplies, to support travel as well as providing street-cleaning equipment

Although the origin of FCC Versia's activities is Spain, currently over a third of the turnover is from other countries, such as Belgium, Italy and Portugal in Europe and United States and Brazil in America.

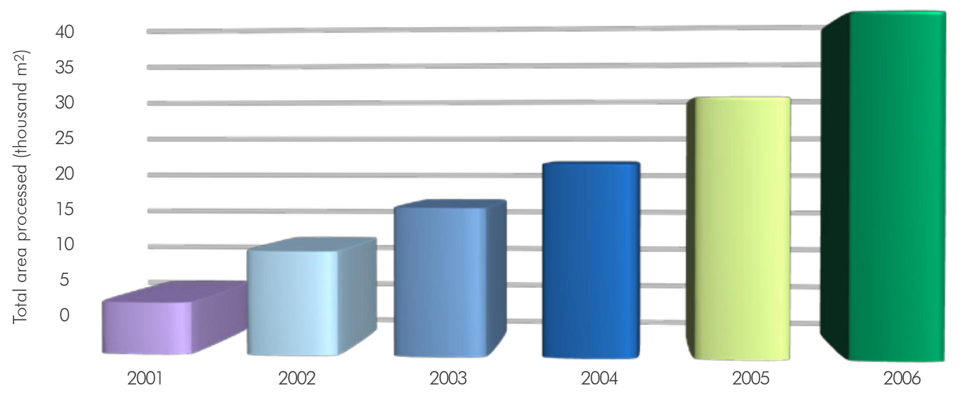
In 2011 FCC Versia's turnover amounted to 767.3 million euros.

CHALLENGE II

TOWARDS A LOW-CARBON ECONOMY

The transition to a low-carbon economy will have a high cost. The Stern Report states that limiting the concentration of atmospheric CO_2 to 550 parts per million by 2050 will represent a cost that is approximately 1% of global GDP. The report also indicates that a delay in decision-making and in the implementation of effective actions will mean an even higher cost. The International Energy Agency estimates that the United States must invest 550 billion dollars annually in renewable energy and energy efficiency by 2030 if the goal is to limit the concentration of atmospheric CO_2 to 450 ppm. For its part, New Energy Finance's Global Futures estimates the figure at 515 billion dollars over a lengthy period of time. According to the Green Investing study by the World Economic Forum, investment opportunities are focused in three areas, which are basically energy efficiency, smart grids and energy storage.

Evolution of the solar heat surface area in Barcelona due to the ordinance



Source: World Economic Forum: Slim City: Sustainable Buildings.

Opportunity: consolidate our presence in the renewable energies market

Energy-related businesses are undergoing a consolidation process in Spain, while the necessary resources are being developed, before leaping into other high potential markets. Energy efficiency and using energy from renewable sources – wind, water, solar and biomass – are two key mechanisms in FCC Group's energy and climate change strategy, a fundamental pillar of the Company's Corporate Social Responsibility Master Plan.

FCC Energía

FCC Energía develops projects in the field of renewable energies, energy efficiency, cogeneration and energy recovery from waste.

Currently, it is operating fourteen wind farms with a total installed capacity of 421.8 MW. This area also has two photovoltaic farms with a 20 MW capacity and two solar-thermal power generation plants under construction. All FCC Energía facilities are located in Spain.

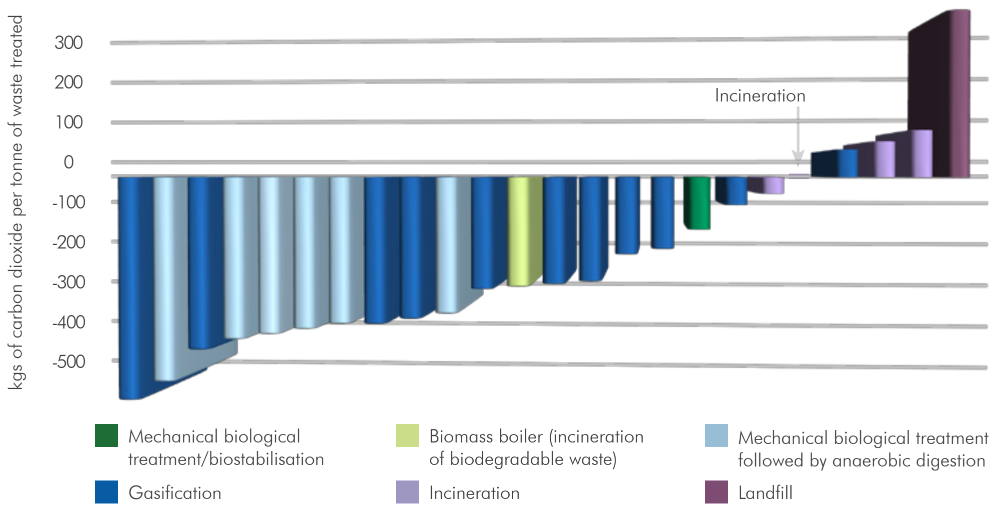
In 2011 FCC Energía's turnover amounted to 74 million euros.

CHALLENGE III

EFFICIENT WASTE MANAGEMENT

Waste management is an underlying problem resulting from increasing urban growth and development. As noted in the study The Future of Cities by the World Economic Forum, the use of digital technology for the monitoring of wastes, legislation designed to increase efficiency in waste disposal and consumer pressure on manufacturers are factors that would help solve this problem. By 2020, wastes will have grown by 35% in comparison to those generated in 2000, according to the European Union. The European Union's goal is to increase recycling and recovery by 20% by 2020 in comparison to 2000 levels.

Greenhouse gas performance of waste management scenarios



Source: World Economic Forum: Slim City: Sustainable Buildings.

The FCC Group notes that the trends point to the establishment of new dialogue models for all those involved. The company believes that its responsibility is to contribute by means of their business activities to meeting these challenges, transforming them into opportunities, so that it can provide long-term value to society as a whole.

Opportunity: International presence in waste management

FCC Group environmental services companies develop their sustainability strategy around reducing the climate footprint, around efficiency and around the development of technologies that will enable maintaining a supply of services that meet the new demands of consumers and public administrations that require more in terms of the environmental impacts of business activities.

The new European Directive on Waste Management includes objectives for 2020 for member states to recycle 50% of municipal waste and 70% of construction and demolition waste (CDW). Buildings and residential areas must have spaces to separate waste by type, thereby encouraging residents to recycle. The separation of wastes at their source will increase the viability of producing energy from them as well as solutions to convert organic waste into compost.

CSR CHALLENGE III

FCC MEDIO AMBIENTE, S.A. waste recycling PROACTIVA MEDIO AMBIENTE ·A·S·A·

The FCC Group provides its urban water treatment services through its subsidiaries: FCC Medio Ambiente, Waste Recycling Group (WRG), A.S.A. and Proactiva medioambiente (with a 50% equity interest in the latter).

The urban sanitation services provided comprise mainly waste collection, street cleaning, the transport and treatment of urban wastes and the maintenance and upkeep of parks and gardens. The FCC Group is a leader in this sector in Spain and is one of the largest operators in Latin America, the United Kingdom, Austria, Portugal, Egypt and the following eastern European countries: the Czech Republic, Slovakia, Hungary, Poland, Romania, Bulgaria and Serbia. It provides services to more than 72 million citizens.

Since 2007, FCC Medio Ambiente has electric and hybrid vehicles in its fleet for carry out its services.

The 2011 turnover for this FCC business exceeded 2.5 billion euros.

FCC ambito

FCC Ámbito provides services in the field of integrated management of industrial waste, industrial cleaning, decontamination of soil and external intervention in case of accidents, spillages, discharges, etc.

In 2011, FCC Ámbito processed more than 2,300,000 tonnes of industrial waste. It is currently the Spanish market leader in the treatment of this kind of waste, managing over 1,500,000 tonnes per year at its own plants. Internationally, it is present in the United States, Portugal and Italy, where it processes over 800,000 tonnes.

One of FCC Ámbito's most significant activities this year was the commissioning of the first alternative ecological fuel plant, derived from non-hazardous industrial waste (WDF) in Castellbisbal (Barcelona), which can replace conventional fuel, such as petroleum coke, in cement or similar type industries.

FCC Ámbito's turnover exceeded 318 million euros in 2011.

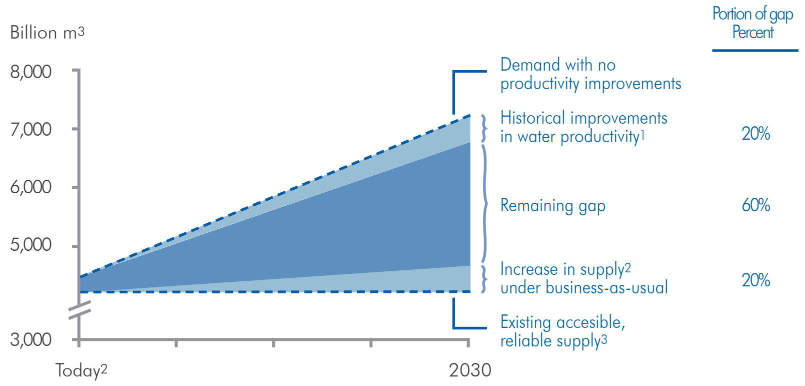
CHALLENGE IV

WATER SHORTAGES

According to the report Charting Our Water Future 2009 from the leading organisation Water Resources Group, in an average economic growth scenario, if there are no gains in efficiency by 2030, worldwide water needs will grow from 450,000 hm^3 to 690,000 hm^3, a figure 40% higher than current supply capacity. This global figure is the sum of a large number of local data from municipalities with a large number of watersheds, located especially in developing countries, where the situation is even worse and the water deficit to supply the population exceeds 50%.

An analysis of these trends has made FCC Group develop new dialogue models for all parties involved, thus leading to the awareness of the company's responsibility to contribute through its business activities to overcoming these challenges and creating value for society.

Business-as-usual approaches will not meet demand for raw water



1 Based on historical agricultural yield growth rates from 1990-2004 from FAOSTAT, agricultural and industrial efficiency improvements from IFPRI.
2 Total increased capture or raw water trough infrastructure buildout, excluding unsustainable extraction.
3 Supply shown at 90% reliability and includes infrastructure investments scheduled and funded through 2010. Current 90%-reliable supply does not meet average demand.
SOURCE: 2030 Resources Group-Global Water Supply and Demand model; IFPRI; FAOSTAT.

Source: Water Resource Group: Charting our water future, 2009.

CSR CHALLENGE IV

Opportunity: solutions for an increasing demand for water

According to the study Charting Our Water Future, the only solution to satisfy the demand for water would involve an additional investment in obtaining water resources of some 200,000 million dollars a year, five times the total annual current expenditure on this type of supply infrastructures. The application of the best available technology solutions would reduce the additional investment to a quarter – 50,000 million dollars a year – with an annual capital cost of around 19,000 million dollars to 2030.

The FCC Group's expertise in developing solutions for the optimal management of water can be found in its subsidiary aqualia. Currently, it is one of the few companies in the world able to provide answers to all the needs associated to the different water uses: for agriculture, industry and human consumption. It is currently the third largest water management company in the world, as published in Global Water Intelligence. With its more than 7,000 highly qualified professionals, aqualia applies the latest technology to offer its customers the answers and solutions that optimise the service.

In terms of inefficiency in water resources and operations, the usual losses are 40%, and up to 70% in some cities; aqualia focuses its efforts on its commitment to efficiency and technology to reduce leakages.

aqualia

aqualia is the company that manages all FCC Group's water cycle activities. aqualia meets all the needs arising from the ways water is used. Its three areas of activity are: integrated water management, design and construction of water infrastructures and global solutions for water use in industry.

aqualia is the third-largest water management company in the world. It provides services to about 1,100 municipalities, serving over 28 million people worldwide.

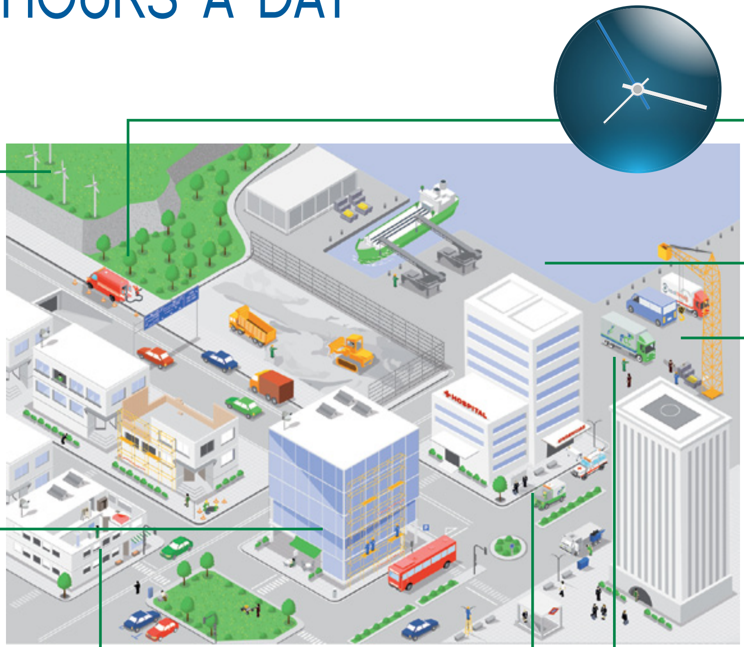
aqualia is the leader in its sector in Spain with a 36% market share of outsourced water management. In the rest of the world, the company operates in Portugal, Italy, the Czech Republic, Poland, Romania, Algeria, Egypt, Saudi Arabia, the United Arab Emirates, China, Mexico and Chile, among others.

In 2011, aqualia's turnover amounted to 844,9 million €.

FCC - AT YOUR SIDE 24 HOURS A DAY

FCC Group is a company specialising in the provision of citizen services. The Group's dedication to serving citizens and its commitment to making cities more sustainable places is the hallmark of the Group's business activities.

This same diversification has enabled FCC Group to offer comprehensive, 24-hour service to the community, from the provision of community services and the development of infrastructures, to the promotion of renewable energies.



Generation of clean energy

FCC Energía is active in the energy industry, with special interest in the areas of cogeneration, energy efficiency and renewable energies.

Construction and refurbishment

FCC Construcción is a world reference in the execution of civil engineering works: roads, railways, airports, hydraulic and maritime works.
Besides the company has extensive experience in the construction, refurbishment and renovation of buildings that integrate the most advanced techniques in intelligent construction, security and comfort.

24-hour comprehensive water management

Aqualia serves more than 28 million people in 1,100 municipalities in 17 countries by supplying, treating and desalinating water. It is currently the fourth-largest water management company in the world and applies the latest technological advances available.

Street furniture

CEMUSA specialises in the design, manufacture, installation and maintenance of street furniture and its advertising sales. With over 25 years of professional experience, CEMUSA offers its services in over 140 municipalities in Europe and America. Cities such as New York, Madrid, Barcelona, Río de Janeiro, Boston, Lisbon and Genova provide the best showcase of the Company's designs.

Conservation of roads and forests

FCC Group carries out the maintenance of over 1,600 km of dual-carriage ways and 2,100 km of roads as well as activities to prevent forest fires.

Decontamination of contaminated soil and water

FCC Ámbito provides its services from more than 100 facilities in four countries, recycling and managing around 2.5 million tonnes of industrial waste per year.

Comprehensive waste management

FCC Group provides urban sanitation services to over 50 million citizens worldwide, integrating new treatment techniques and developing specific projects for each city.

Logistics

FCC has 64 operational centres in the main logistics cities in the Iberian Peninsula, 1,000,000 m² of storage space and over 300,000 m³ of controlled-temperature storage.

FCC'S VIEW TO 2020

The FCC Group would like to be recognised as a company committed to the development of the communities it serves through the activities, goods or services it provides. In order to be part of the solution to the sustainability challenge and to take better advantage of the opportunities in citizen services markets, FCC Group aims to:

- Better understand and connect to the real needs of citizens and to be the protagonist of these changes.
- Create new capabilities that enable the design of better sustainable solutions.
- Strengthen the organisation in order to respond better, faster and more consistently to the challenges posed by the transformation of urban centres worldwide.

OPERATING PRINCIPLES THAT GUIDE THE BEHAVIOUR IN THE DAY-TO-DAY WORK OF ALL OF THE COMPANY'S EMPLOYEES.

Doing things well

At FCC we have always done things well because we cannot conceive of any other way to work, and this is an essential element of the commitment we have with all our interest groups, both internal and external. Doing things well means we must give the best of ourselves in terms of both professional competence and personal attitude.

Integrity

At FCC, integrity is a personal and professional requirement. Having integrity means – besides fulfilling our commitments – respecting the people we interact with and behaving in an honest, upright and transparent manner every day, in all our activities and in every country we operate in. This is a holistic view of business that goes beyond the economic legitimacy of the organisation by assuming its responsibility in building a more balanced and prosperous society.

Efficiency

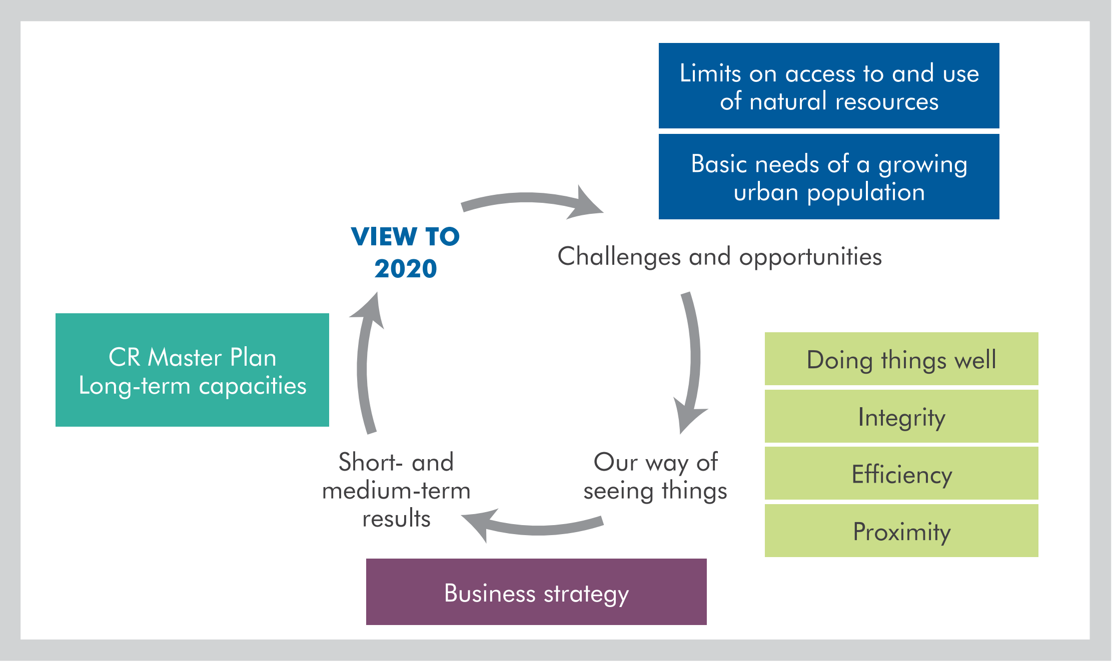
Efficiency is part of our history and is one of the reasons we are successful. For all FCC's employees, being efficient means to be austere, minimising the use of resources of all kinds and making the most out of them in our work and when achieving our objectives. At FCC, efficiency is an economic, environmental and social asset.

Proximity

We are a citizen services company that maintains close communication with the societies in which we operate, thereby responding to the changing needs of communities in the 21st century. This principle requires us to respect the expectations of the individuals that are part of these societies, while at the same time trying to provide answers that satisfy the public interest.

To do this, the company has renewed its values, which are FCC Group's four corporate principles that guide the company's business and the daily work of all its employees: integrity, efficiency, proximity and to do things well.

The principle of integrity goes beyond fulfilling the commitments made by the company and its professionals: it is FCC's contribution to achieve a balanced and prosperous society, with honesty and transparency, wherever the company operates. Efficiency means optimising resources to maximise their return in economic, social and environmental aspects of each of the business activities. The principle of being close to its interest groups allows FCC to meet their expectations with greater understanding; ultimately, doing things well is a value that has been an integral part of the company since its inception, and something it considers necessary for success.



Structure of the Corporate Responsibility Master Plan

As part of this view to 2020, in 2011 the FCC Group adopted its new Corporate Responsibility Master Plan covering the 2012 – 2014 period. The Plan also takes stock of the results of the previous one (2009-2010), strengthening the points in the Plan on which the company can move forward in an even more resolute manner. The balance of performance against objectives, along with a comprehensive analysis of trends related to the needs of the sustainable cities of the future and the challenges related to sustainability in each one of FCC Group's business areas, is the basis for defining the company's new corporate responsibility strategy.

The Corporate Responsibility Master Plan 2012 – 2014 focuses on the FCC Group's new principles and its corporate strategy based on consolidation, internationalisation, diversification and making the most of synergies between businesses. The lines of action that have been defined and that determine the structure of this report are based on the Plan's three strategic approaches:

I. **Exemplary behaviour.** The principles of integrity and doing things well are the origin of the first pillar of the Master Plan. The aim is to position FCC Group as an example of authenticity in its commitment and its way of doing business. To do this, one of the first tasks carried out along this line has been to strengthen the company's ethical framework, allowing it to address the major challenges facing FCC with an aim to promote exemplary behaviour.

   Within the company's ethical framework, a commitment to people will guide FCC's behaviour in all its business activities and at all levels: safeguarding the health and safety of its employees, promoting equality and diversity, identifying potential areas for integrating groups that have special needs and those that are vulnerable, and extending these commitments to communities, suppliers and contractors.

CSR FCC'S VIEW TO 2020

II. **Intelligent services.** The principle of efficiency is the inspiration for this pillar of the Plan. As a Citizen Services company, FCC Group must assume the challenge that is part of its business activity, and be part of the solution to the problem of greenhouse gas emissions generated by highly concentrated populations in urban areas. In order to address this challenge, we propose a strategic focus on innovation aimed at mitigating climate change and on capacity-building directed at adapting the company to new scenarios affected by this phenomenon.

For FCC Group, innovation and efficiency as the best tools for combating climate change are at the core of the concept of intelligent services. The company is currently involved in developing a climate change strategy whose guarantee of compliance is underwritten by the company's highest governing body, represented on the Climate Change Commission, which will act as the primary prescriber within the Group in matters relating to climate change. The application of the climate change policies from the Commission until its enforcement in all lines of business will materialise the actual implementation of the intelligent services.

FCC also must investigate what future sustainable cities will be like, applying its know-how to the design of eco-efficient citizen services.

III. **Connecting to citizens.** The principle of close communication with citizens is underpinned by the belief that the company can and should be a catalyst for citizens to be the protagonists of a sustainable city. FCC Group wants to promote sustainable habits in the cities where it operates, by relying on the commitment of the people who are part of the company, by remaining in contact with the interest groups involved and in constant consultation with prescribers in strategic markets.

This connection with citizens is aimed at linking the management of the FCC Group to the trends and needs of the communities of the future. The joint involvement of FCC Group and the public in addressing the urban challenges of this century, based on the capacities developed by the company and the commitment of its employees, will be the starting point for the promotion of sustainable habits.

THE ARCHITECTURE OF THE CORPORATE RESPONSIBILITY MASTER PLAN 2012-2014

POSITIONING 2020

We are an example of authenticity in commitment

EXEMPLARY COMMITMENT

Position FCC as an example of authenticity in its commitment and in its way of doing business

We are leaders in the design of the sustainable cities of the future

INTELLIGENT SERVICES

Position FCC as the leader in the design of the sustainable urban communities of the future.

We are a catalyst to enable citizens to be the protagonists of sustainable cities

CONNECTION WITH CITIZENS

Transform citizens into the protagonists of sustainable cities

STRATEGIC PRIORITIES

1

Have a referential framework for initiatives relating to integrity and business ethics.

2

Develop new solutions for key issues that enable us to be leaders in the design of the communities of the future through an innovative and effective management model in connection with our business activities.

3

Promote initiatives that encourage citizens to be aware of sustainability and integrate the indications from citizens into our decision-making.

OBJECTIVES AND ACTIONS

5 ACTION PROGRAMMES

2 ACTION PROGRAMMES

5 ACTION PROGRAMMES

SUPPORT TOOLS

GOVERNANCE AND MONITORING OF THE PLAN

OPERATIONAL CR PROGRAMMES IN THE AREAS

CSR FCC'S VIEW TO 2020

Responsibility in the implementation of the Master Plan 2012 – 2014

FCC Group believes that the implementation and application of corporate responsibility throughout the organisation requires a stable organisational structure driven by senior management and committed to carrying out operations in the different business activities in the FCC Group's portfolio. The coordination of corporate policies and those stemming from the areas, divisions and business units is done through the Communications and Corporate Responsibility Department. The policies, master plans and reports detailing the degree of progress on actions taken in this regard are submitted to the Management Committee and the Board of Directors for supervision, in line with the responsibility assumed by this body in the field of corporate responsibility.

Each business area has its own lines of action in which the company's strategic priorities are further detailed. All of them are covered by the FCC Group's Master Plan, which sets new objectives for the 2012 – 2014 period.

Results of the Sustainability Master Plan 2009 – 2010

With the approval of the Second Corporate Responsibility Plan 2009 – 2010, the Board of Directors of FCC established, as one of the Group's strategic objectives and that of the different business areas, the commitment to the sustainability of its activities by promoting socially responsible actions that meet the expectations of its interest groups, a commitment that was also incorporated into the Group's Strategic Plan.

There were six strategic lines and progress in each of them has allowed us to analyse the position of FCC Group in each, allowing us to take a big leap into the new commitments reflected in the new Master Plan 2012 – 2014 in order to address the great challenges of the cities of the future.

The results of the Second Master Plan (2009 – 2010) are explained in the next table.

GOOD GOVERNANCE	ACHIEVEMENTS
The objective is to promote and consolidate the principles of good governance, integrity and transparency in all the organisation's activities.	▸ There were 9,350 people trained in Equality, Harassment Prevention and Ethical Behaviour. ▸ Implementation of a centralised procurement model. ▸ Inclusion of clauses on compliance with the principals of the Global Compact and FCC Group's Code of Ethics in contracts. ▸ Incorporating social responsibility indicators when registering suppliers. ▸ Creation of the Risk Management Department. ▸ Progress in the Horizonte reporting tool. ▸ Information security management system in accordance with ISO 27001.
FCC PEOPLE	**ACHIEVEMENTS**
Talent management	
Attraction and retention of talent in order to ensure the professional development of the human team through the preparation of Development Plans for Management Personnel.	▸ Selection process for IESE students for strategic Group projects. ▸ FCC-Alpine Programme. ▸ Development of the Group's equality and diversity policy. ▸ Implementation of an Internal Mobility Programme. ▸ Plan for Corporate Training and collaboration with top-level business schools. ▸ Definition of management skills for FCC.
Plans for promoting equality	
Promotion of policies on access to employment, training and promotion; equal pay, reconciliation of personal life/family/work, and the improvement of working conditions and occupational health and safety conditions of working women on equal terms with men.	▸ Commitment to no gender-based discrimination in employment on job application forms and in the link to attach CVs on the FCC Group's website. ▸ Working with monitoring indicators to analyse and correct potential discrimination in the selection process. ▸ 'Workplace Equality' seal of distinction for aqualia: the first and only company in its sector in Spain. ▸ As part of the Management Development Programme organised by the School of Industrial Organisation, training was provided to pre-management women.

Communication	
Driving the process to integrate employees into the Group, fostering their participation and motivation by improving internal communication, both upwards and downwards. Analysis and study of the various existing communication channels and merging them by drawing up a Communication Plan.	▸ First Internal Communication Plan. ▸ Launch of Group-wide awareness and collaboration campaigns. ▸ Creation of the Employee's Portal and dissemination of services for employees. ▸ aqualia sends 160 newsflashes a year. ▸ aqualia organises the International Drawing Competition for employees' children and grandchildren.

Work/personal life reconciliation	
Continue with the work/personal life reconciliation policy aimed at different groups in the organisation, without any bias in terms of gender or any discriminatory issues taken into account when applied.	▸ Flexitime for working day. ▸ 2010 – 2011 New workday hours at headquarters.

Diversity management	
Discard any discriminatory practice related to including candidates based on gender, language, nationality, age, education, race or disability in the implementation of the Group's diversity policies through compliance with the laws of the countries where we operate and establishing projects to promote the integration of people.	▸ Collaboration with Fundación Adecco through the 'Plan Familia'. ▸ Participation in the Autonomous Community of Madrid's Employment and Disability Fair. ▸ Developing Group's Equality and Diversity Policy Policy. ▸ The Group has hired 1,019 people with disabilities. ▸ Agreement with Fundación Once (Spanish Association for social integration and cooperation of people with disabilities to hire 150 people with disabilities. ▸ Agreement with the Ministry of Health, Social Services and Equality and the Red Cross to promote the social integration of women who are victims of gender violence.

Occupational health and safety	
Improved health and safety conditions where we carry out our business activities, with the resulting benefit for workers. Projecting the Group's image with its commitment to the prevention of occupational risks.	▸ Consolidation of OHSAS certification (approx. 64% of the company's business activities). ▸ Implementation of the Protocol for the Notification of Serious or Fatal Accidents. ▸ Occupational Risks Prevention Communication Plan (PRL); PRL email address. ▸ Development of FCC's Strategic Road Safety Plan 2010 – 2015. ▸ A 24% reduction in the accident frequency rate in 2010 in comparison to 2007. ▸ Reducing the accident seriousness index in line with the targets set, by 10%. ▸ Launch of Phase 2 of aqualia's Occupational Risk Prevention communication campaign with new messages and materials.

Internationalisation	
Properly structure and channel the management of people in the international scene in order to implement whatever activities are proposed in the different fields of business activity.	▸ Selection of a single HR information system. ▸ Development of a comprehensive employee master record (A homogenous tool that allows you to get computerised and parameterised information of FCC Group's personnel). ▸ FCC's First Global HR Meeting. ▸ International Mobility project launched by aqualia to offer employees the opportunity to develop their professional careers on an international level.

COMMUNICATION AND REPUTATION	ACHIEVEMENTS
Strengthen FCC's reputation in matters of CSR, with special emphasis on external and internal communication of socially responsible actions ▸ Internal and external communication policy ▸ FCC presence in CSR forums ▸ Stakeholders	▸ Collaboration with Forética, the Excellence in Sustainability Club and the State Council for CSR. ▸ Listing on DJSI 2010 and continued presence on FTSE4Good and FTSE4Good Ibex . ▸ Participation in the CDP (Carbon Disclosure Project), and in the Business in the Community index . ▸ The new Network Communication Network internal newsletter and the Communications Room.

CSR FCC'S VIEW TO 2020

COMMUNICATION AND REPUTATION	ACHIEVEMENTS
	▸ First Roundtable of FCC Group's clients. ▸ Stakeholder Engagement & Trust tool at Cementos Portland Valderrivas. ▸ Signing of agreements: WWF-Spain, Fundación Plan, Fundación Once, Iberdrola, Citroën, Caritas, Fundación Exit and the Red Cross. ▸ aqualia forums with stakeholders. ▸ Summer courses at Rey Juan Carlos University and the University of la Laguna. ▸ International Drawing Competition. ▸ Open house for interest groups held 350 times. ▸ Launch of new corporate website.

OUR CORPORATE CITIZENSHIP	ACHIEVEMENTS
The goal is to define a line of social action within FCC's strategy. Among other actions, to consolidate and expand the already-initiated corporate volunteer programme.	▸ Design of a conservation and improvement plan for FCC's Carriage Museum. ▸ Start-up of the Volunteer Portal. ▸ Inauguration of the series of conferences on 'FCC Volunteers' on the Madrid and Barcelona sites of the Fundación Esther Koplowitz. ▸ Member of the Advisory Council of the Cooperation Fund for Water and Sanitation of the Spanish Agency for International Development. ▸ €13.4 million devoted to community social development.

CARING FOR THE ENVIRONMENT	ACHIEVEMENTS
Definition of a line of social actions within FCC's strategy.	▸ Reduction of GHG emissions in 2010 by 16% compared to 2008. ▸ Of the energy consumed in 2010, 4.4% came from renewable sources. ▸ The Energy Division generated 1,769 GWh of renewable energy in 2009 – 2010. ▸ Installation of charging stations for electric vehicles in the Torre Picasso building and in Avenida Acanto and Avenida General Perón in Madrid. ▸ Certification of aqualia's energy management system. ▸ 74% of FCC Group is certified in accordance with environmental standards. ▸ Carbon Trust Standard certification gained 2010, WRG. ▸ Replacement of existing sources of energy in the Aldeby with renewable sources . ▸ Collaboration with many associations and forums about the environment. ▸ Implementation of smart water meters.

RESPONSIBLE INNOVATION	ACHIEVEMENTS
The aim is to boost R&D&i as a strategic and competitive factor in our business management.	▸ Aqualia: certification under UNE Standard 166002:2006 (Management of R&D&i). ▸ FCC Construcción renews its R & D & I management certificate for three years. ▸ R&D&i investments of 23.6 million euros in 2009 and 11.4 million in 2010.

EXEMPLARY BEHAVIOUR

Aware of the need to act transparently, honestly and with integrity and, above all, consistently, the Corporate Responsibility Master Plan 2012 – 2014 aims to strengthen the FCC Group's ethical framework with the objective of promoting exemplary behaviour. To this end, the company plans to have advanced tools for managing issues related to corruption and bribery that will reinforce the Group's commitments within the code of conduct.

Everyone in FCC Group, regardless of his or her responsibilities or geographic location, undertakes to act in an ethical, honest, and transparent manner. The company also has suitable means to safeguard these principles of conduct throughout its value chain, from the procurement of products and services to their delivery to the end user, the citizen.

Exemplary behaviour – 2011 milestones

- Preparation of the Report on Internal Control over Financial Reporting systems (Spanish acronym SCIIF) in connection with CNMV's (Spanish Securities Exchange Commission's) best practices
- Development of a project to modernise the Human Resources Information and Management System
- Creation of a 'shared services centre'
- Development of FCC Group's Crime Prevention and Response Manual
- International business accounts for 51% of total sales
- Review of FCC Group's Code of Ethics
- Creation of the Response Committee
- Ethics Channel Auditing in accordance with the ISO 27001 Standard
- Promotion of local hiring
- Process to redefine the global competences model, nationally and internationally
- Redesign of the systems for assessing overall performance
- Implementation of the Corporate Training Model and Plan
- Development of specific training to support the internationalisation process
- Development of the Internal Mobility Programme.
- Development of FCC Group's Equality and Diversity Policy
- Creation of the Equality and Diversity Management Team (Spanish acronym EGID)
- Collaboration agreement with the Red Cross to hire women at risk of social exclusion
- Achievement of the "zero accidents" objective in FCC Ámbito
- Development of activities within the framework of the Human Resources Management's Communication Plan
- Corporate Responsibility Award from the Construction and Wood Foundation of the Comisiones Obreras Trade Union
- Almost all purchasing done from local suppliers
- During 2011, 688 million euros were negotiated under the new Procurement Model.
- One hundred per cent of bids managed under the new Procurement Model
- Requirement that 100% of FCC Group's suppliers are familiar and comply with FCC's Code of Ethics
- Breach of the Global Compact Principles may result in the termination of any contract

CSR EXEMPLARY BEHAVIOUR

ACTION PROGRAMMES MASTER PLAN FOR SUSTAINABILITY 2012 – 2014	OBJECTIVES FOR 2014
‣ Make us of a referential ethical principles/integrity framework ‣ Promote integration and social inclusion – commitment to people ‣ Sustainable guidelines for actions in the value chain – responsible contracting	‣ The new framework for ethical behaviour covers 100% of FCC's activities and of those of its main contractors ‣ Increase in the number of people who work for FCC with special needs ‣ Development of a programme to support employees at risk of social exclusion in Spain ‣ 100% of suppliers critical to sustainability and key in terms of magnitude, assessed on environmental, social and ethical criteria

1. Quality management and responsible governance

For FCC Group, good governance means ensuring that the company is managed focusing on creating long-term value for its shareholders in a manner in which environmental and social variables, as well as the expectations of competing interest groups, are integrated into its administration and management model.

FCC Group's senior management continues to ensure that operating under the principle of transparency, one of the most effective ways to generate trust towards the company and to prevent the occurrence of bad practices is a strategic priority. In this regard, FCC's governing bodies apply the highest standards of corporate governance and its managers are in constant contact with its interest groups in order to know what their perception of the company's performance is.

FCC Group's actions regarding corporate governance are available in the compulsory Annual Corporate Governance Report, available on FCC's and the Spanish National Exchange Commission's (CNMV) websites.

1.1. Good governance in FCC Group

FCC Group believes that good governance is fundamental to ensure appropriate strategic guidance for the company. Since the entry into force of the Unified Code of Corporate Governance of listed companies, FCC Group has adapted a large part of its standards to the point that it has incorporated almost all of the recommendations in the Code into its own corporate governance model.

Compliance with these recommendations and the commitment to information transparency in this area represent the effective implementation of FCC Group's commitment to good governance. In this respect, the composition of the Group's Board of Directors covers, firstly, the principles of effectively representing the structure and, secondly, the balance of its governance.

Good governance ensures the proper strategic guidance for the company. Knowing this, at FCC Group we incorporate the highest international standards of good governance into the management of our company.

1.1.1. General Shareholders Meeting

The General Shareholders Meeting is FCC Group's main decision-making body. At the General Shareholders Meeting held on 1 June 2011, shareholders representing 76.37% of the company's capital either attended or had a representative present.

In accordance with the right to information prior to the General Meeting of Shareholders, FCC Group makes all necessary information available to the shareholders from the date the meeting is called through its website, and establishes channels of communication such as the Electronic Shareholders' Forum.

1.1.2. Board of Directors

The main function of the Board of Directors is to ensure that the company is being managed in the long-term interest of its shareholders by monitoring and supervising strategic corporate decisions. At present, the company's Board of Directors has 18 directors, five of whom are independent. The presence of five women on the Board is worth mentioning, resulting in 27.7% of Board members being women, one of the highest ratios in listed companies in Spain.

In 2011, the Board of Directors held ten plenary meetings and promoted a number of activities related to good governance and corporate responsibility, among which the most important are the following:

- Chair of FCC Group's Corporate Responsibility Committee
- Chair of the Committee for Monitoring the Internal Rules of Conduct and the Code of Ethics
- Monitoring of the Corporate Social Responsibility Policy: review of compliance with the Second Corporate Responsibility Master Plan and approval of the Third Corporate Responsibility Master Plan (2012 – 2014).
- Approval of the Corporate Responsibility Report and Corporate Governance Report

In addition and with the aim to optimise its operations, the Board of Director's Regulations envisage the self-assessment of its performance and that of its members, the quality of its work and the effectiveness of its rules, and to implement, where necessary, measures to improve the effectiveness of its operation.

1.1.3. Board Committees

In order to conduct the comprehensive monitoring and control of the issues most relevant to the correct operation of the company, and to achieve greater efficiency and transparency in the exercise of its powers and in the performance of its duties, the Board of Directors has four committees: the Strategy Committee, Appointments and Retributions Committee, Executive Committee and Audit and Control Committee.

1.2. Risk control and management

The approval of the Risk Control Management Plan, as well as the regular monitoring and supervision of FCC Group's internal control and information systems is, given its special relevance, the responsibility of the Board of Directors.

With the support of risk managers from the different business areas whose activities it coordinates, the Risk Control and Management Department is constantly updating and improving both the definition and assignment of responsibilities regarding risk management at

CSR EXEMPLARY BEHAVIOUR

operational level, as well as of related procedures and methodologies, among which are:

- The identification of key risks for FCC Group based on their potential threat to achieving the organisation's objectives
- The assessment of the risks The risk assessment scales are defined in terms of their potential impact should they materialise, and the probability of their occurrence
- The classification of the risks
- The optimisation of controls and risks through the establishment and monitoring of action plans relating to the most relevant risks, including indicators to measure and monitor them
- The mechanisms for regular communication of the results of the assessment and monitoring of the risks, as well as of their materialisation
- The implementation of specific procedures to document risk management when taking business decisions
- The regular and systematic updating of the risk assessment processes and controls described above

The risks affecting FCC Group have been classified based on international best practices and by applying the COSO II methodology.

FCC GROUP'S RISKS

Strategic Risks

- Strategic planning / market / country.
- Technological capacity / Innovation.
- Reputation / Corporate governance management.

Operational Risks

- Management of tendering and contracting.
- Selection of partners, subcontractors and suppliers.
- Human resources management and on-going professional development.

Compliance Risks

- Code of Ethics.
- Management of legal risks.
- Management of fiscal risks.
- Internal control over financial reporting system (ICFR).
- Protection of personal data.
- Quality management systems.
- Environmental management systems.
- Information security systems.
- Occupational health and safety systems.

Financial Risks

- Capital risks.
- Interest rate risks.
- Exchange rate risks.
- Solvency risks.
- Liquidity risks.
- Concentration risk.
- Credit risk.
- Risk-hedging financial derivatives.

STRATEGIC RISK MANAGEMENT

Strategic planning / market / country

FCC Group's external presence is concentrated in OECD countries and in selected emerging economies, where a rigorous analysis of operational and financial market risks is conducted.

Technological capacity / Innovation

Various tasks are being carried out, such as redesigning and implementing a corporate balanced scorecard that enables the automatic availability of management indicators. Specifically, in the areas of managing suppliers, procurement, billing, staff training and submission of bids, FCC Group is implementing new technology systems to mitigate risk from both clerical errors and fraud.

Reputation management / Corporate governance

This is framed within FCC Group's Code of Ethics and within the work done on issues related to corporate responsibility and ethics. Social responsibility policies are an inherent part of FCC Group, for which conducting business requires a comprehensive commitment to the society it is part of.

OPERATIONAL RISK MANAGEMENT

Management of tenders and contracts

The company has policies and procedures that emphasise the technical and technological quality, economic viability and competitiveness of tenders. FCC Group is implementing a specific procedure for risk management in the different stages of tenders, contracts and performance of contracts.

Human resources management and on-going professional training

FCC Group is developing a project to modernise the information and human resources management system that will integrate all information into a single global database for the company. Additionally, the Group has created a 'shared services centre' and, in particular, is developing training plans for all the personnel involved in the preparation of the company's financial statements.

Selection of partners, outsourcing and suppliers

FCC Group's General Policy Guidelines and the application of the outsourcing model set out the minimum requirements for Group companies to be able to outsource public or private construction works. The Human Resources Guidelines also define job responsibilities in cases of outsourcing personnel. Finally, FCC Group has implemented an e-commerce platform in order to manage the procurement and supply processing and its relationships with suppliers.

SYSTEMS FOR CONTROLLING COMPLIANCE RISK

Code of Ethics

The Code of Ethics is the tool that guides and directs the actions of the company's professionals on social, environmental and ethical issues. In addition, FCC Group has also developed a Manual on Crime Prevention and Response.

Occupational health and safety system

FCC Group's activities are governed by the voluntary OHSAS 18001 Standard on health and safety.

Privacy policy

FCC Group has a programme that defines the legal, organisational and technical controls required in each case and maintains regular contact with regulatory agencies and relevant interest groups in order to stay abreast of any changes in doctrine or legislation that might affect the company.

Fiscal risk management system

This system establishes criteria for FCC Group's fiscal policy through the General Rules Guidelines and advises and coordinates tax efficiency in corporate acquisition or restructuring transactions.

Legal risk management system

Compliance with the legislation governing FCC Group's various activities is ensured by internal control procedures.

Quality in all activities

The FCC Group has quality management systems covering all its activities and has successfully passed the regular assessment audits. The quality committees are the highest executive bodies in this area and are responsible for setting guidelines, monitoring compliance and reviewing the system in accordance with the UNE-EN ISO 9001 Standard.

Environmental management systems

FCC Group has implemented environmental management systems in accordance with the ISO 14001 standard in its various areas of business activity.

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Internal control over financial reporting systems (ICFR)

FCC Group has prepared the ICFR Report for the 2011 financial year in connection with the best practices proposed in the report published by the CNMS (Spanish Securities and Exchange Commission) and has submitted it for review by the External Accounts Auditor.

Information security systems

FCC Group has Corporate Information Security policy that sets out the common criteria for information management in order to mitigate risks that could affect confidentiality, availability and integrity. In 2011, the information systems were subjected to independent review in accordance with the UNE-ISO/IEC 27001.

FINANCIAL RISK MANAGEMENT SYSTEMS

Capital risks

The company comprehensively analyses the cost of capital and the risks associated thereto in each investment project.

Interest rate risks

FCC Group has a policy of constantly monitoring the market and holds different positions depending on the asset being financed.

Exchange rate risk

This risk exists due to the Group's positioning in international markets. The company actively manages the exchange rate risk by carrying out financial transactions in the same currency in which the asset is denominated, i.e., an attempt is always made to get financing in the local currency.

Solvency risk

The most common ratio for measuring solvency and the capacity to repay debt is: Net debt/EBITDA. FCC Group's ratios are reasonable, thus fulfilling its commitments to the financing entities.

Liquidity risk

This risk exists due to timing differences between the resources generated by the activity and required funding needs.
FCC Group manages this risk by providing its businesses with a number of lines of credit sufficient and ample enough to meet any contingency that may arise in these uncertain times.

Concentration risk

This risk arises from the concentration of financing transactions with common characteristics and is broken down as follows: Sources of financing, markets/ geography (domestic, foreign) and products and foreign currencies.

Credit risk

FCC Group is responsible for requesting financial business reports and assessing the financial soundness of clients before entering into contracts with them, as well as monitoring them on an on-going basis; the Group has established a procedure to follow in the event of their insolvency. For public clients, it is the Group's policy to not accept projects lacking an allocated budget and financial approval.

Risk-hedging financial derivatives

In general, financial derivatives acquired by FCC Group are accounted for as provided for in the regulations for accounting hedges as set out in the Notes to the Financial Statements.
The valuation of the financial derivatives was carried out using generally accepted methods and techniques by experts in the field that are independent from the Group and from its financing entities.

▸▸▸ For more detailed information on matters related to FCC Group's corporate governance and risk management during 2011, please refer to the Corporate Governance Report 2011, available on the company website: http://www.fcc.es/fcc/corp/esp/rc_gc.htm.

2. ETHICS AND INTEGRITY

FCC Group would like to be recognised as a group of companies providing citizen services that has the suitable means to ensure the culture of ethics, integrity and transparency that distinguishes the company and is one of its main hallmarks.

Everyone in FCC Group, regardless of his or her responsibilities or geographic location, undertakes by means of the Code of Ethics to act in an ethical, honest, and transparent manner. The company also wants to safeguard these principles of conduct throughout its value chain, from the procurement of products and services to their delivery to the end user, the citizen.

The reference tool that effectively implements FCC Group's commitment to ethics and integrity is the Code of Ethics. Its aim is to stress the Group's corporate culture and rules of conduct and it serves as the guidelines to be followed in the company's business relations with third parties. FCC Group has complementary mechanisms, such as the Internal Code of Conduct in the Stock Market and the communications channel for incidents related to ethical matters, financial irregularities or workplace or sexual harassment.

2.1. The Code of Ethics, guarantor of FCC Group's proper conduct

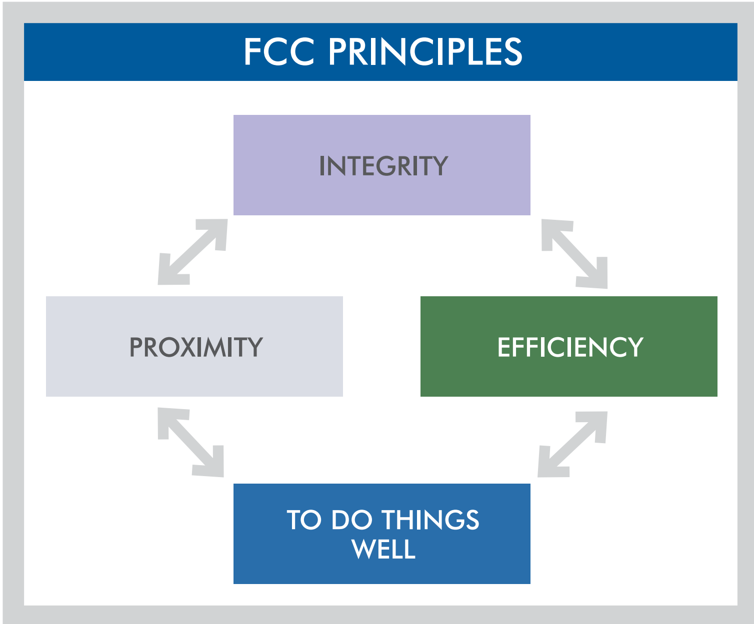
The Code of Ethics is the standard of reference and one of the main tools with which the company guides the performance and conduct of its professionals in order to unify and strengthen its identity, culture and behaviour patterns. The Code addresses the expected behaviours of FCC Group employees and includes matters related to, among other issues, corruption and bribery, human rights, the development of human capital, occupational health and safety, and respect for the environment.

The Code applies in all countries where the company operates and affects all employees, regardless of their level of responsibility and of the geographical location they may work in. The Code's content is based on internationally recognised standards, such as the Universal Declaration of Human Rights, the ILO Tripartite Declaration, the OECD guidelines, the United Nations Global Compact and the Federal Sentencing Guidelines (USA).

It should be noted that the activities carried out by FCC Group's lines of business do not entail any risk of child exploitation or forced labour. In any event, FCC Group explicitly forbids this in its Code of Ethics, and on its employment contracts it requests documentation proving the date of birth of all employees. In addition, FCC has assumed the provisions in the Global Compact regarding this matter.

In 2011, FCC Group revised its Code of Ethics in addition to updating its principles of conduct, to strengthen the commitments made by its directors, managers and employees in line with the principle of due diligence set forth in the Federal Sentencing Guidelines and to the reform of the Spanish Criminal Code in 2010, thus adapting its Code of Ethics to today's strictest legal standards.

It should be noted that FCC Group's Code of Ethics expressly states that the company carries out its business without interfering with or participating in the political processes of the countries and



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communities in which it operates. In this regard, any relationship FCC Group has with governments, authorities, institutions or political parties is based on the principles of legality and political neutrality.

In addition, FCC Group recognises the right of its employees to exercise their freedom of expression, political thought and, in general, participation in public life, as long as doing so does not interfere with the performance of their duties in the company.

2.1.1. Response Committee

Approved by the FCC Group's Board of Directors, the Response Committee is the body whose general role is to promote the dissemination, awareness of, and compliance with, the Code of Ethics in the company. It consists of the General Manager of Internal Auditing, who chairs the Committee, – the General Manager of Legal Counsel, the General Manager of Human Resources and the Manager of Corporate Responsibility, who serves as Committee Secretary.

ANOTHER STEP FORWARD IN COMPLIANCE: CRIME PREVENTION AND RESPONSE MANUAL

FCC Group's commitment to compliance, ethics and integrity has led its governing body to carry out pioneering headway, among publicly owned companies in Spain, in the development of a Crime Prevention Compliance Programme. Among these steps, in addition to the modification of the 2010 Criminal Code in the Code of Ethics, FCC Group has also developed a Manual on Crime Prevention and Response.

This set of internal regulations establishes a structured internal control system aimed at mitigating the chances of Group personnel committing a crime that can lead to the criminal liability of legal persons. That is why the procedures established ensure better control of the company, are binding and have the highest ranking in FCC Group's regulations. The Response Committee is a body chaired by the General Manager of Internal Auditing and depends functionally on FCC Group's CEO.

The procedures in the Manual provide for:

- Identifying behaviours that entail a risk of committing crimes in the context of the company and the implementation of internal controls by area
- Giving special attention to crimes that have a greater risk of occurrence
- Creating the Response Committee, in charge of responding to irregularities, especially those that may be related to criminal activities
- Establishing a Complaints Management System protected at the highest level, where all complaints received and any actions taken in connection to them are recorded
- Designating the position of the Controls List Manager for the implementation, supervision and improvement of the Manual
- Establishing a corporate training plan on preventing and responding to the possible commission of crimes, set in the framework of the Human Resources' training programme.

The Crime Prevention and Response Manual includes the requirement that all employees are obligated to report any information or evidence that a crime or irregularity may have been committed within the scope of the Group's activities, its employees or its managers. The communication channel ensures confidentiality and that there will be no retaliation against the complainant.

Throughout 2011, at FCC Group we have worked to strengthen the company's ethical framework by renewing the company's Code of Ethics and drafting the Crime Prevention and Response Manual.

▸▸▸ The Code of Ethics, the Manual and other regulations are available on FCC Group's corporate website. http://www.fcc.es/fcc/corp/esp/rc_gc.htm

2.1.2. Control of irregularities and resolving enquiries through the internal communication channel

FCC Group offers its employees an internal communication channel to report irregularities or for enquiries or suggestions for improving the company's existing systems with regard to the matters covered by the Code. All FCC Group personnel are required to report any breaches they discover related to the Code of Ethics. To do this, the company has set up an internal communication channel that allows all employees to make a confidential report of any breaches of the Code of Ethics they may observe.

Monitoring of the communication procedure in matters relating to criminal offenses and in general with FCC Group's Code of Ethics, rests with the Response Committee.

During 2011, the company underwent an external review of its information security management systems in accordance with the ISO 27001 standard, focusing on risk management and on-going improvement of processes. This review included the reporting and communication channel associated with the company's Code of Ethics.

In 2011, the Code of Ethics channel recorded 14 reports of breaches on the following matters:

- Caring for the environment: 2
- Political neutrality: 1
- The health and safety of people: 1
- Professional development, equal opportunity and non-discrimination: 6
- Handling of information: 1
- Use and protection of assets: 2
- Money laundering and irregularities in payments: 1

There were no reports related to incidents of child exploitation, forced labour or human rights in any sense of the terms. All reports were resolved in accordance with established procedures.

2.1.3. Training on the Code of Ethics

Until 2011, FCC Group has provided training on the Code of Ethics through an online training module so that that all FCC Group employees are aware of and understand the company's commitment to ethics, honesty and transparency, and receive guidance on how best to act in their daily work. In Spain, this training was offered to workers with online access.

The online training module is structured around the importance of compliance with the legal, regulatory and professional requirements assumed by FCC Group and the obligation to report any breaches, as well as around understanding the conduct commitments contained in the Code of Ethics and the procedures and protocols associated with it.

During 2011, the Company did not carry out any general training in this area as the Code of Ethics was being amended. FCC Group plans to implement actions to disseminate the Code in 2012.

Among the activities planned is the development of a training module in its international divisions aimed at ensuring awareness, understanding and compliance with the Code by employees as a key tool to building a culture based on shared values.

2.1.1. Internal Code of Conduct in the Securities Market

In compliance with current regulations, FCC has an Internal Code of Conduct in the Securities Market and a Committee, chaired by the General Secretary, which monitors it in order to, among other competences, to monitor that insider trading crimes are not committed within the organisation.

›››The Internal Code of Conduct is available on FCC Group's company website. http://www.fcc.es

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3. FCC PEOPLE

FCC Group is a big company thanks to the efforts, commitments, abilities and dedication of its employees. It is the Group's people that will make it possible for the company to achieve the ambitious objectives proposed and to continue to create value for shareholders and for society as a whole. Having the best team of people is an important strategic priority for the company and, consequently, so is making FCC an increasingly better place to work.

The Human Resources Strategic Plan aims to promote internal communication through a positive work environment that contributes to the productivity and personal development of our employees. The aim is to provide attractive and stimulating careers and to make use of the attraction and retention of talent, of know-how management, and of equality and diversity to make the company a leader in people management.

Occupational health and safety is another of the hallmarks of FCC Group. The results achieved in this area are evidence of this and demonstrate a progressive decline in frequency and severity rates.

2011 HIGHLIGHTS

- Promotion of local hiring
- Redefinition of the global competences model, nationally and internationally
- Development of performance evaluation model for the entire Group, nationally and internationally
- Implementation of a flexible remuneration system
- Development of FCC knowledge maps and implementation of the Corporate Training Model and Plan
- Development of specific training to support the internationalisation process
- Development of the FCC Group's Equality and Diversity Policy
- Creation of the Equality and Diversity Management Team (Spanish acronym EGID)
- aqualia Gestión Integral del Agua S.A. was granted the Seal of Distinction for Equality in the Workplace
- Collaboration agreement with the Red Cross on the hiring of women at risk of social exclusion
- Development and implementation of the Global Employee Master Record
- Implementation of Internal Mobility Programme
- Design of the Responsibilities Matrix (Selection and Employment)
- Redesign of receiving CV via the website
- Achievement of the "zero accidents" goal in FCC Ámbito
- Implementation of activities within the framework of the Human Resources Management's Communication Plan
- Approval of FCC Group's Policy on Occupational Health and Safety and of the Corporate Manual on Occupational Health and Safety

3.1. Promotion and attraction of talent at FCC Group

Attraction and retention are a priority at FCC Group, which is aware that this is one of the factors that distinguishes successful companies. In this regard, the company's Human Resources Strategic Plan 2009 – 2011 has set out specific initiatives to attract and retain talent, to enhance motivation and a sense of belonging, and to increase the international vision of the people in the Group. Activities planned include the following:

- Promotion of global internal mobility
- Consolidation of a culture of results-orientated management
- Development and integration of compensation and benefits policies and models
- Reinforcement of the training processes common to the different business divisions
- Implementation of a system to analyse potential and for succession planning for key positions
- Definition of management skills for FCC Group

The Department of Selection and Employment manages the task of attracting talent to our organisation. In 2011, FCC received over 40,000 CVs and carried out 332 selection processes. In 2011, 32,988 new people joined the company, and 1,139 employees received promotions.

3.1.1. Promoting internationalisation

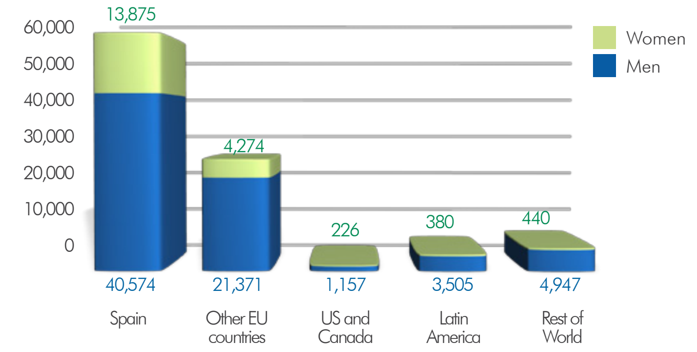
The Group has the FCC-Alpine programme, which is aimed at attracting high-potential civil engineers with an international profile and fluency in English and German. The programme's objective is to initially hire them to work for FCC Construcción. During this period, they will work on a unique construction project while at the same time they take part in a training programme, with the ultimate goal of being hired by our Austrian construction company, Alpine.

FCC Group also has a full programme of collaboration with universities, business schools and other educational centres through which it promotes entry into the labour market for new graduates. In 2011, 145 interns started their careers in one of FCC Group's companies.

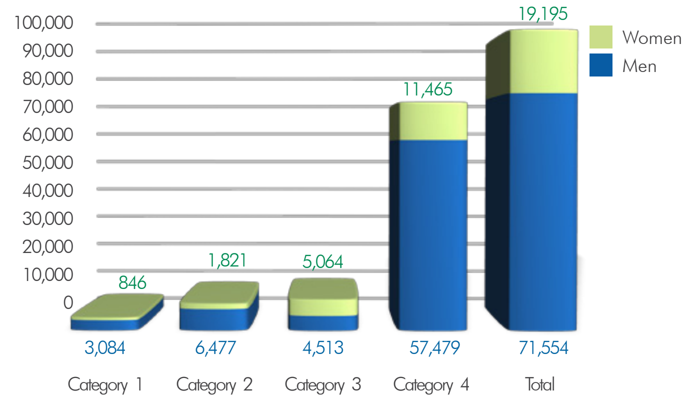
Similarly, the Group has regularly implemented a series of internal mobility plans and initiatives to increase motivation and promote the company's culture. The Internal Mobility Project published a total of 226 job offers. In addition, more than 200 Group employees were transferred to carry out their work outside Spain. It should be noted that local hiring, an objective of the aforementioned Human Resources Strategic Plan, accounted for about 55% of hires recorded in 2011.

To support the internationalisation process, the policy on language training has been redefined and given fresh impetus, and specific training schemes have been incorporated into the Training Plan. Lastly, a course has been designed to support internationalisation for our employees prior to their transfer abroad that provides them with international legal, financial and multicultural management knowledge.

Distribution of employees by gender and location



Distribution of employees by gender and job category



*Key:
Category 1: Executives and managers, department heads and site managers
Category 2: University graduates, section heads, heads of department, heads of workshops and qualified personnel
Category 3: Technical and administrative assistants and middle management
Category 4: Workers and junior staff

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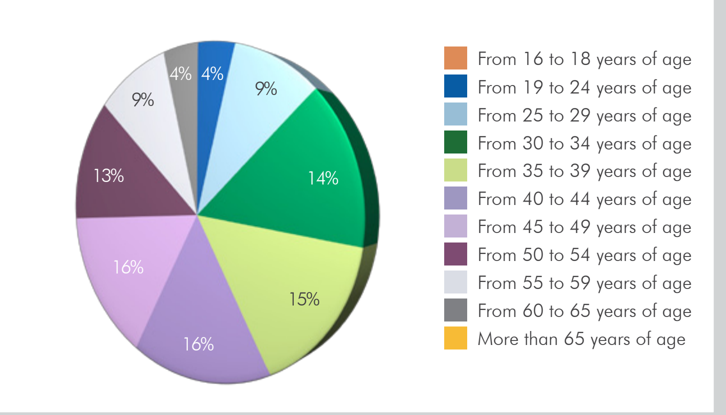
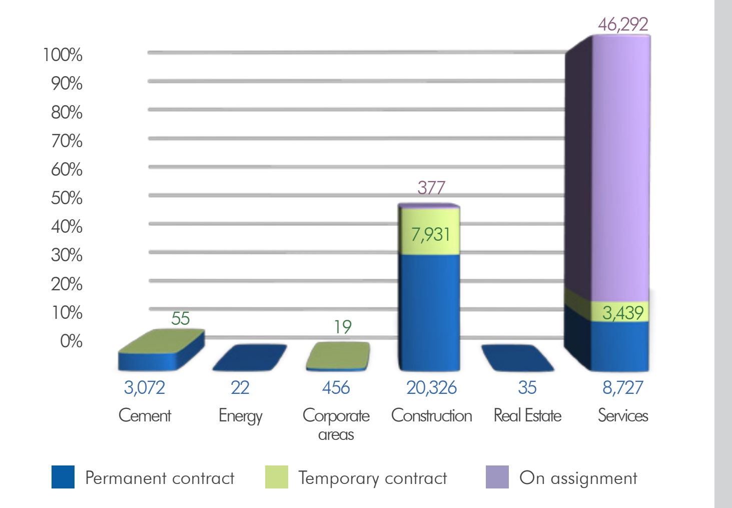
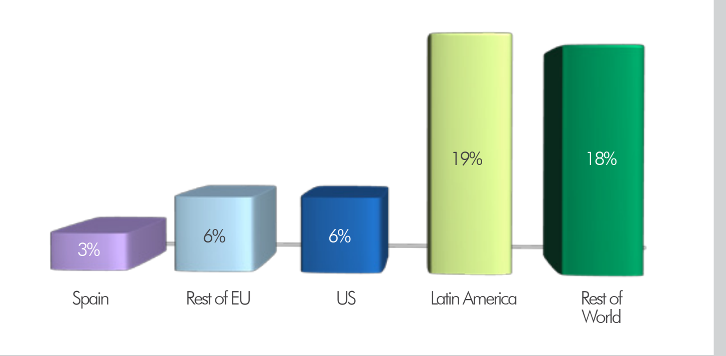
Distribution of employees by age



Distribution of employees by type of contract and business division

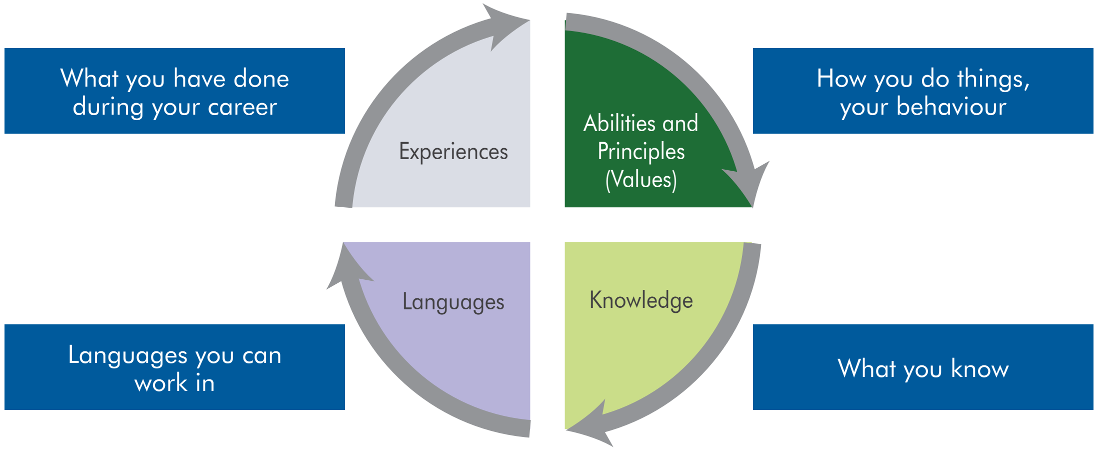


Average employee turnover by geographical area



Hours of training by business activity (category and gender)

ORGANISATION	MEN					WOMEN					Total
	Category I	Category II	Category III	Category IV	Total	Category I	Category II	Category III	Category IV	Total	
Central services	2,978	4,288	3,619	87	10,972	506	3,895	3,614	0	8,015	18,987
Environment	1,258	91,960	11,547	106,914	211,680	314	19,828	2,149	29,279	51,570	263,250
Field of industrial waste	274	3,404	479	413	4,570	0	712	223	35	970	5,540
Aqualia water management	4,257	21,513	19,935	24,629	70,334	156	8,386		6,513	22,054	92,388
FCC Versia	1,343	16,589	36,595	61,157	115,684	487	6,071	52,332	6,582	65,472	181,156
Construction	32	103,795	420	12,314	116,561	56	30,229	143	1,485	31,913	148,474
Transport	727	1,170	194	3,911	6,002	145	675	433	1,062	2,314	8,316
International environment	12,840	16,462	59,018	49,864	138,184	3,962	9,499	11,454	11,948	36,863	175,047
Cement	2,148	6,107	8,217	11,771	28,243	249	1,065	3,344	287	4,945	33,188
Global Vía	0	0	486	0	486	0	0	154	0	154	640
Total	24,598	191,076	143,293	343,280	702,246	5,561	62,798	79,157	77,223	224,270	926,985



3.2. On-going commitment to the development of human capital

One of Group FCC's objectives is to provide careers and development opportunities that are attractive to the best professionals in the market.

The Human Resources Strategic Plan has resulted in the implementation of an organisational model based on responsibilities and abilities, and on the integration of compensation and benefit policies and models. The Plan also includes the objective of reinforcing training as a route to skill building and full professional development.

In 2010, FCC Group redefined the abilities model at national and international levels, from senior management positions to contract manager positions. The skills required to perform each job in an optimal manner can be defined as a body of knowledge ('what you know'), skills and principles ('how you do things, your behaviour'), languages ('languages you can work in'), and professional experience ('what you have done during your career').

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The company is currently working on redefining of a global abilities model for other groups.

FCC Group is also undergoing a process of redesigning its performance appraisal systems, with the aim of making them common to all employees. The model is based on an annual process of goal planning, monitoring and performance evaluation. The aim is to improve people's contributions to company goals and to facilitate their professional development.

In relation to organisational models, 2010 saw the development of the Job Evaluation Project, which consists of analysing what each position contributes to the organisation and of classifying positions by organisational content. The objective is to have a tool to help manage the design of the organisational structure, the classification system and the remuneration policy. In 2010, as part of this plan, we evaluated senior management at the national level. The second phase of the project began in 2011 and is aimed at the subsequent levels of the organisation. Around 1,600 different positions have been evaluated, as well as senior management positions in the international area.

In relation to compensation and benefit policies, in 2011 a flexible benefits system was implemented. This system allows employees to allocate a portion of their compensation to certain benefits instead of receiving cash.

In the field of training, in 2011 FCC Group provided a total of 926,985 hours of training (8% more than in 2010) to over 114,273 participants (13% less than in 2010), with a total investment of €17,644.295 (14% more than the previous year). The drop in the number of participants is due largely to a training session on the Code of Ethics, Equality and the Prevention of Harassment held in 2010 for nearly ten thousand people.

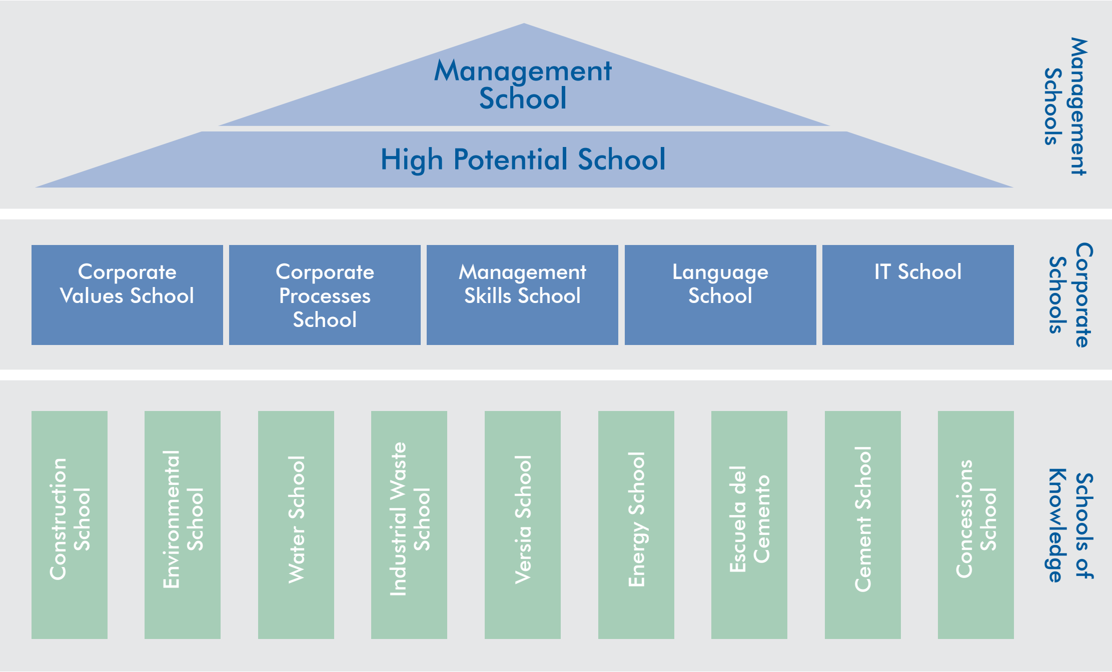
Training at FCC has the following main objectives:

Firstly to obtain increased performance and efficiency from personnel while carrying out their duties and in company operations, and secondly to achieve the professional development objectives of personnel (to improve their employability).

HOW IS TRAINING CONSIDERED BY FCC	FCC'S PILLARS FOR TRAINING
▸ As a support for the Strategic and Business plans. ▸ To develop individual and group talent that is needed at any given moment. ▸ As an efficient way to implement a sense of belonging, culture and common values to the entire organisation ▸ To manage the Company's know-how and best practices.	▸ Collaboration with the most prestigious Business Schools. ▸ To preserve and disseminate the Group's know-how, culture and values. ▸ To align training to the needs generated by the business strategies. ▸ The sharing of knowledge and experiences should be part of each employees work.

FCC organises training in the style of a Corporate University based on the businesses and our Strategic Plan, with different schools.

- Management Schools are aimed at increasing the knowledge and skills of executives and future executives; this is managed in a standardised fashion throughout the different business and corporate areas.
- Corporate Schools are aimed at providing training on FCC's culture and values, corporate processes, training on skills and abilities, language training, office automation systems, etc. In short, any training that cuts across the different business and corporate areas.
- And lastly, the Schools of Know-How, which disseminate our know-how linked to the various activities within FCC.



In order to achieve these objectives, and as a complement to the training plans of each business area, matters that should be common to and cut across all the areas have been included in a Corporate Training Plan: training for the management team, training on FCC's culture and values, training on corporate processes, training in skills and abilities, language training and training in office automation systems.

During 2011, the Corporate Training Model and Plan was implemented further.

- Within the School of Management, over 200 executives have received training at the IESE business school, and more than 100 executives have participated in the School of Industrial Organization's (EOI) Executive MBA Modules.
- Within the Corporate Processes School, training has been provided on Finance, Legal matters, Project Management, Information Security, Procurement, etc. matters, much of it specially designed to support the internationalisation of FCC.
- Finally, in the Language School, specific language training programmes have been encouraged for more than 600 people. These programmes require the student to make the most of and progress in the training as a necessary condition for being able to continue in the programme.

3.3. Key success factors in managing FCC Group people

Diversity, equal opportunity, non-discrimination and the eradication of all forms of harassment are principles and rules of conduct that are part of the set of FCC Group's ethical values.

3.3.1. La diversidad del equipo FCC

FCC Group believes that diversity is factor that enriches the company and generates synergies that enhance know-how and that, therefore, can build competitive advantages. The commitment to diversity is embodied, among other things, in the generation of employment among groups at risk of social exclusion.

In addition, and along with the Code of Ethics, FCC Group has other corporate tools to shape the company's commitment to a corporate culture that enhances respect among employees and equal opportunities for women and men. These are mainly the Equality Policy and the Protocol for the Prevention of Sexual and Workplace Harassment.

FCC Group employs 1,019 employees with some degree of disability and has signed an agreement with Fundación ONCE (for social integration and cooperation) that will enable 150 people with disabilities to be hired between 2011 and 2013. The company also has signed other agreements with different entities a result of which

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the Group will hire people at risk of social exclusion, such as certain groups of young people or women who are victims of gender violence.

3.3.2. Equal opportunities

Equality is part of FCC Group's corporate culture and is strengthened by the development of initiatives tailored to each line of business. In this regard, the company has continued to develop equality plans already agreed in previous years with the main trade unions, implementing specific actions in areas such as access to employment, career development, education and work/personal life reconciliation, among others. New equality plans have also been negotiated at Flightcare and Cemusa, two Group companies.

FCC GROUP'S EQUALITY AND DIVERSITY POLICY

During 2011, FCC Group worked on developing its Equality and Diversity Policy. Managing diversity is a central feature of all Group business activities.
The following have been proposed as objectives at the executive level:

- Maintenance and implementation of the protocol on the prevention of workplace, sexual or gender-based harassment. The procedure to be followed in this regard is published on the intranet as well as on the internal communication channel igualdad@fcc.es, ensuring direct and immediate attention from company management on any issue relating to this matter;
- Implementation of the already-created and operating EGID (Spanish acronym for Equality and Diversity Management Team), with the collaboration of one person per company with an equality plan and the assignment of responsibilities to each of them (gender violence, work/personal life reconciliation, etc.), provided with formal training on equality;
- Implementation of collaborative spaces on the intranet for EGID members and spaces for disseminating equality in an open fashion to the entire organisation;
- Development of committees to monitor the equality plans, taking part in their regular meetings aimed at providing the supervision and revision of the plans and the preparation of annual reports;
- Fulfilment of the cooperation agreements on combating gender violence entered into with various private foundations and public agencies on the inclusion of women who are victims of this scourge, and the promotion and dissemination of awareness campaigns;
- Renewal of equality plans that expire in 2012: FCC, S.A. and FCC Construction, S.A., and the negotiation of new equality plans for FCC Sistemas Industriales y Energéticos, S.A. and for FCC Ámbito, S.A.;
- Internationalisation of online training on equality, prevention of harassment and establishment of equality plans and programmes appropriate to the legal and cultural environment of the country;
- Deployment of onsite training for people without access to the intranet;
- Development of training activities and preparing pre-management women aimed at facilitating their access to management posts;
- Increase in activities related to personal/family/work life reconciliation.

FCC Group is committed to creating a culture of inclusion that seeks out, respects and values differences; it is aware that a workforce built on diversity helps to achieve business objectives and to develop innovative working methods that increase efficiency and improve the quality of services.

Based on this principle, FCC Group implements work practices in order to ensure that no employee or potential candidate is treated discriminatorily for any reason beyond his or her skills, knowledge and professional performance. In addition, internal mechanisms have been set up that ensure that any claims in this matter are thoroughly investigated and result in the adoption of measures in line with the findings of the investigation.

FCC Group also has a training module that encourages employees to reflect on the equal opportunities and to understand the importance of managing this properly. The company is reviewing this module due to the rewording of the equality policy; as a result, it did not provide training on this matter during 2011.

In order to manage equality and diversity across all its business activities, the company has created and implemented the Equality and Diversity Management Team (EGID) – composed of those responsible for the development of the equality plan in each of the Group's businesses and areas of activity, together with the Corporate Department of Labour Relations, which promotes and coordinates the policies on equality and diversity. Its main function will be to generate synergies between the different areas so that the actions undertaken can be extended to all business areas.

In the area of equality, FCC's adherence to the "Principles for the Empowerment of Women" in the United Nations Global Compact is also worthy of mention, which aims to strengthen the participation of women in all spheres of economic life. The company also supports other initiatives such as the Ministry of Health, Social Policy and Equality's Campaign against Gender Violence and the awareness campaign promoted by the NGO Save the Children.

In 2011, aqualia was awarded the 'Workplace Equality' seal of distinction by the Ministry of Health, Social Policy and Equality. This award recognises companies that are worthy of recognition due to their design and development of policies on equal opportunities between men and women. Among the criteria assessed in order to receive this award are the implementation and outcome of the measures contained in the equality plans, the establishment of procedures and criteria for the periodic assessment of these plans, the implementation of positive actions that actively promote equal opportunities, and aspects of the companies' organisational models and social responsibility.

Obtaining this certification reinforces the path undertaken by aqualia, in line with FCC Group's policies, that promote the professional development and performance of its employees under the guarantee of equal opportunities. In this regard, the Equality Plan entered into with the Comisiones Obreras Trade Union (CCOO) and the General Union of Workers (UGT) in 2009 remains in force.

In accordance with the social action policies developed by Human Resources and based on FCC's commitment to the communities it serves, in 2011 the company, through its Environment office in Madrid, organised the first seminar on 'The Homeless'. This activity falls within the framework of collaboration that FCC, as the company contracted to provide cleaning services, is carrying out with Social Local Emergency and Rescue Services (SAMUR) in the city of Madrid.

This collaboration consists mainly of sharing what FCC workers may know about the location of and other helpful information on those who are homeless, as well as the activation of Social SAMUR when these people are in emergency situations.

Furthermore, and to mark International Day of People with Disabilities, held every 3rd December, the same Madrid office held its 'First Disability Awareness Day'. The seminar, which was attended by a large group of employees including technicians and managers, is part of the Inserta Agreement, a commitment made by FCC in 2010 to mainstream disability in the organisation, and was organised jointly with the FSC Inserta Madrid provincial office.

Understanding diversity and equality as key aspects in the management of FCC Group personnel makes our team our greatest asset

3.3.3. Workplace and Sexual Harassment Prevention Policy

The first task to be performed to prevent harassment is mainly related to training. Therefore in 2010 a training initiative for almost ten thousand people was carried out on Harassment Prevention.

On an executive level the following objectives have been proposed: implementing and maintaining the prevention protocol for workplace, sexual or gender related harassment and the procedures explaining how to act are published on the internet. The communications received via the internal Communications Channel are processed and immediate corporate awareness and attention are guaranteed, complaints are fully confidential without any fear of retaliation on any matter related to these issues. In addition, there is an objective to internationalise on-line training on harassment prevention and to establish plans and programs adapted to the legal and cultural environment of each country.

20 incidents were recorded in 2011, (2 for sexual harassment and 18 for workplace harassment) and all the files have been closed.

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3.3.4. Dialogue with employees

Active dialogue with employees is vital to understanding their concerns, expectations and concerns. For this reason, participation and dialogue are commitments and hallmarks of the company when it comes to managing people. FCC Group actively promotes internal communication among its employees and between the employees and the company. The various internal communication initiatives are part of the strategy to unite workers around a common project, to value the organisation's culture and to embody the company's transparency in providing information and company management.

FCC Group has the Responsibility for Internal Communication. Its main objective is to promote the activities related to communication and specific internal services that are, in turn, deployed in the Human Resource Department's First Communication Plan. This plan sets out the strategies and guidelines that enable the initiation and dissemination of goals, objectives and projects and the development of a network for communication and dissemination of messages to all the people within the Group.

One of the major communication activities implemented at international level was FCC's Second Global HR Meeting in November 2011, which was attended by the heads of HR operations of all the Group's companies and businesses. Its aim was to share know-how and experiences in order to move forward with the policies and projects in line with global company strategy with the intention of increasing our efficiency, competitiveness and addressing the important challenge of internationalisation. The national meeting was held in December 2011.

In addition to disseminating campaigns on raising awareness of and collaboration and participation in the various social and professional causes and commitments assumed by the Group through its Human Resources Department, the role of Internal Communication is to promote the efficient provision of information of interest to workers, with special emphasis on information and messages, policies and strategies directly related to management of the company and its employees' work environment.

Similarly, FCC Group's strategy actively promotes collective bargaining and participation in conferences and activities carried out by labour union organisations and federations. FCC Group maintains channels of dialogue with union representatives and all organisational changes are consulted in advance with the employees’ legal representative bodies as well as with the unions present in these bodies in a process of constructive dialogue. In Spain, the entire FCC workforce is covered by collective bargaining agreements, either by sector or by company. This method of providing a basic regulation of working conditions is predominant across the entire organisation in the different countries, notwithstanding other methods of regulation.

In addition, the company adheres to the United Nations Global Compact, and the OECD Guidelines for Multinational Enterprises, which makes express reference to the freedoms of association and collective bargaining, are among the guiding principles of its policy. Moreover, in order to prevent retaliation at the local level due to the exercise of activities related to trade unions, representation, demands or collective bargaining, managers from the area of labour relations are given instructions to provide advance notification to company management of any disciplinary action aimed at anyone in any of the aforementioned situations, so that it can study and, where appropriate, authorise the implementation of punitive actions.

Along this line, given that some of the countries where the company operates have not ratified the ILO Conventions on collective bargaining and the freedom to belong to a trade union, we negotiated an international framework agreement with the Building and Woodworkers' International Federation (BWINT), reached before the end of the year and signed the following year on 21st February 2012.. This framework agreement expressly sets out these rights and a mechanism for protection against the abuse of either, a formula for the publication and dissemination of the agreement at the local level and a joint body to study and resolve conflicts. This is the first international framework agreement signed by a Spanish company operating in the construction industry.

Finally, it should be noted that employees are notified in advance of all changes related to organisation, operations and local or foreign transfers. However, there is a prior consultation process when these changes may involve a change in the ordinary working arrangements of employees. Relevant information is provided to workers' representatives and/or trade unions present in the area affected prior to the adoption of a final decision, and a negotiation process is initiated in order to exchange the perspectives and aims of the different parties.

3.4. Health and safety – a priority at FCC Group

Maintaining a safe and healthy work environment is one of FCC Group's corporate strategic priorities. The company continually strives to support and strengthen its culture of prevention, exchange experiences and ensure that knowledge about best practices is transmitted between the different businesses.

The responsibility for FCC Group's health and safety rests with the Human Resources Department, and is adapted to the organisation's complex structure by taking into account management areas, types of activity, corporate departments and perimeters of action. However, it should be noted that each FCC Group subsidiary sets its own targets for improvement in the area of occupational safety and takes the appropriate steps to achieve these objectives based on the specific nature of their activities.

DEVELOPMENT OF FCC GROUP'S FRAMEWORK FOR ACTION IN OCCUPATIONAL HEALTH AND SAFETY

FCC Group's Board of Directors has approved the Policy on Occupational Risk Prevention that reflects the global principles of occupational health and safety applicable throughout the company.
This document, presented by the Human Resources Department, emphasises the importance of preventing occupational risks and of continuously improving health and safety conditions. To this end, there are three main lines of action identified as the main focus of this policy:

1. Continuous improvement in working conditions and in the reduction of accidents
2. A commitment to compliance by the entire organisation
3. Involvement of all interest groups, including clients and suppliers

This policy is the result of extensive experience in the field of occupational risk prevention and includes all binding principles in accordance with current legislation in this matter.

In addition, the Human Resources Department has approved and disseminated through all the organisation's departments the Corporate Occupational Health and Safety Manual. This manual defines the corporate criteria and standards upon which, in general, the management of risk prevention in FCC Group companies and business areas should be based.

The manual is a reference tool as well as a tool for the internal regulation and preventive activities of the organisation. Its purpose is to standardise and internationalise management criteria aimed at properly complying with corporate policy on the matter.

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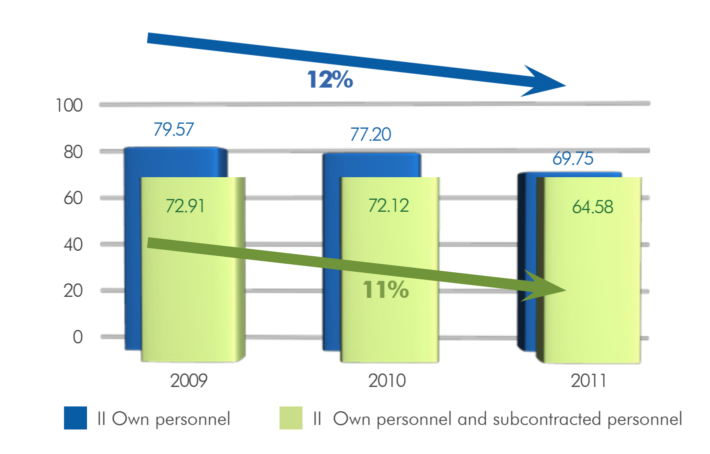
FCC Group's commitment to occupational health and safety is clearly demonstrated by the growing number of Group companies certified by independent external bodies in accordance with the OHSAS 18001 standard. In 2011, over 80% of the people working at FCC Group were covered by systems certified under this standard, both in Spain and internationally.

3.4.1. "Zero-accidents" culture

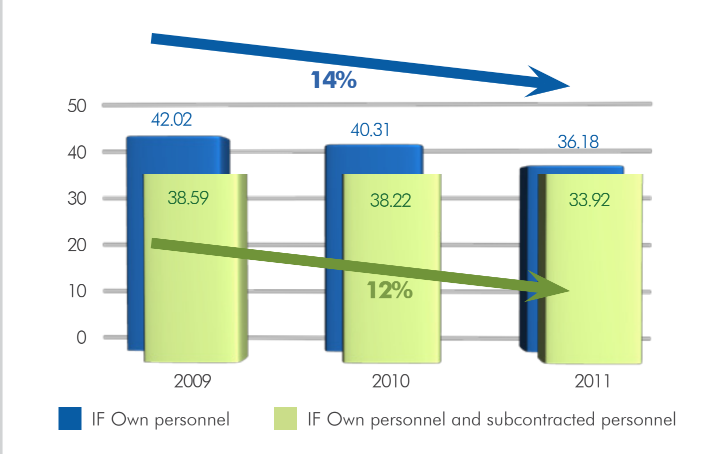
FCC Group's management system and the new reorganisation of work help to maintain and continue our aspirations towards the primary goal of '0 Accidents' set by the Group. With this goal, beginning after the establishment of the new structure and management, the company has launched several lines of work and carried out initiatives aimed at maintaining and strengthening the integration of a prevention culture and at improving the results. These activities include:

- The development and presentation of the First Annual Prevention Awards.
- FCC Newsletter: disseminating information about healthy lifestyle habits and well-being for workers along with safe work habits in the Group.

Incidence rate index – FCC Group



Frequency index – FCC Group

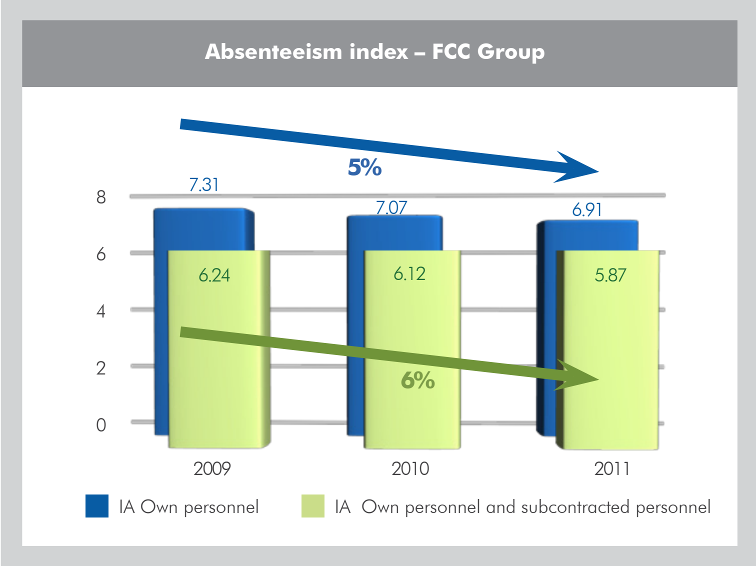


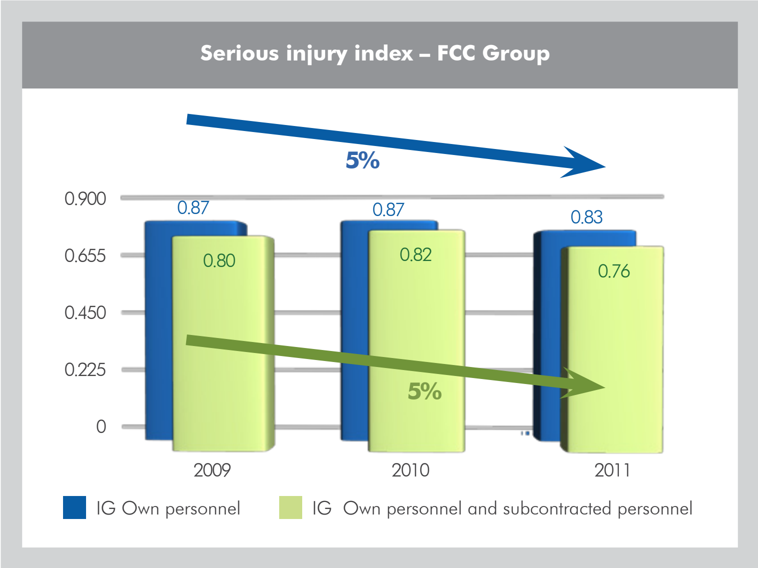
- Creation of the Road Safety website on the Group's intranet.
- Launching specific campaigns (e.g., Building Safe Bridges, road safety).
- Training occupational risk prevention (ORP) technicians by means of workshops on health and hygiene, ergonomics and psychosociology, and courses on OHSAS audits.
- ORP Committee. Development of inter-area corporate meetings to address prevention management. Specific working groups.
- Integration of the ORP training programme into the Group's Training Plan.

One of the accomplishments of this work is having achieved zero accidents in the FCC Ámbito division throughout all the territories it operates (Spain, the United States, Italy and Portugal) during the month of December. This division carried out meticulous risk prevention work and, as a result, there has been notable progress, including a 42% reduction in occupational accidents over the last three years; the creation of a Joint Prevention Service in Spain and certification in accordance with the OHSAS 18001 standard of the FCC Ámbito, the industrial waste division in Spain and Portugal.

Data for occupational accidents have continued the trend to improve when compared to previous years. This positive development is partly due to the actions and programmes implemented across the entire organisation.

Also in 2011, FCC Group provided 318,798 hours of training on health and safety to more than 62,400 participants, with an estimated investment of 4,995,808 euros. During the same year it is worth mentioning the integration of the ORP General Training Programme.





The accident rate indicators show significant signs of improvement over the last three years, taking into account both the simple index (own personnel) and the integrated index (own personnel and subcontracted personnel).

››› In itinere accidents and the number of related sick leave hours are not taken into account when calculating the indexes. This applies to the entire Group (national and international).

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3.4.2. Strategic Road Safety Plan 2010 – 2015

Another strategic activity for FCC Group along this line is the Strategic Road Safety Plan 2010 – 2015, which is the company's response to the social and work-related problems entailed by road accidents. The Plan is deployed in four specific action plans: Road Safety ORP Plan, Road Safety Health Plan, Road Safety Education Plan, which also addresses educational practices aimed at people with disabilities, and Road Safety Mobility Plan.

Furthermore, the Road Safety Strategic Plan is a project that is being progressively internationalised, and FCC Group has set a goal to cover more than 90,000 employees located world-wide and to have a direct impact on more than 200,000 people, including clients, suppliers and people in the workers' family environment. It will also have a significant impact on FCC Group's fleet, which totals more than 21,500 company vehicles.

As part of the Road Safety Strategic Plan, FCC Group has signed the European Charter for Road Safety, a European Commission initiative whose main objective is to implement specific actions to reduce road accidents, to assess the results and to promote awareness of the need to reduce deaths from this type of accident.

In addition, FCC Group and Fundación Mapfre have signed a collaboration agreement which establishes an exchange of resources, information, knowledge and experience in road safety and whose aims are to:

- Train and provide information about one of the most common risks: road accidents occurring during job-related travel
- Achieve a greater awareness of the risks involved as a driver and as a pedestrian

FCC Group works actively to incorporate best practices to encourage social awareness activities that contribute to the prevention of road accidents and to promote road safety education. In this regard, in 2011 the Group signed a collaboration agreement with FESVIAL (Spanish acronym for Spanish Foundation for Road Safety) which establishes a relation aimed at working on joint actions. This initiative is part of the Strategic Road Safety Strategic Plan 2010-2015 being developed by the Group.

3.4.3. Collaboration with external institutions

The FCC is an active agent in promoting and disseminating the culture of health and safety and good practices in this field. This is why it shares its knowledge in this field in various forums, organisations and associations dedicated to promoting good management practices.

The company is also a member of AESPLA (Spanish acronym for Spanish Association of Occupational Risk Prevention Services). At the national level, the company cooperates with the National Construction Confederation, the Association of Construction Companies of Madrid and the Regional Institute of Occupational Health and Safety; at the European level, FCC Construcción is working with the European Construction Federation, where it represents the Spanish Federation of Construction Companies. Within the industry, FCC Group is present in the Association of Spanish Construction Contractors' (SEOPAN) Commission on the Prevention of Occupational Risks and Social Security and in the Chairmanship of the Safety Commission of the European Construction Federation.

In addition, Cementos Portland Valderrivas is a participant in associations such as Oficemen and Anefa that study of indicators of work-related injuries and establish preventive action plans in order to eliminate the causes of accidents.

4. THE FCC GROUP'S ETHICAL PRINCIPLES - ALSO PART OF THE PROCUREMENT AND SUPPLY CHAIN.

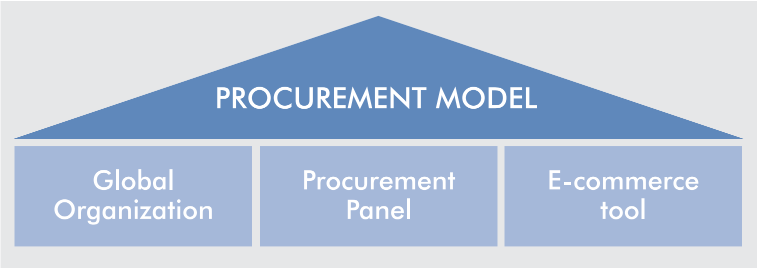
For FCC Group, ethical, honesty and integrity-based behaviour will necessarily entail including the companies involved in its procurement and outsourcing chain.

FCC Group bases its initiative strategy with suppliers and subcontractors on establishing stable and lasting business relationship, thereby supporting them in carrying out their business activities with efficiency and full guarantees. Because of the type of activity that FCC engages in and the products and services it requires, almost all of its procurements are from local suppliers; for example, in Spain these total well over 90%.

FCC Group has a Procurement Management Model whose main objective is to secure the cooperation of the leading companies that are the most competitive in their markets. The model uses responsible principles and the most advanced technological tools and methodologies available in the market to select these companies.

The FCC Group's Procurement Model is gradually being extended to all Group purchases. In 2011, it was widely applied in Spain for more expensive purchases (those higher than a threshold established per Business Unit) and on an occasional basis in all countries for certain purchases. This is a structural solution used to implement integrity and efficiency in the procurement and supply chain given that, in addition to making the most of synergies and building purchasing capacities that provide efficiency and generate value for FCC's businesses, it is designed to carry out purchases based on responsible principles in line with FCC's ethical precepts.

These principles include competition and equal opportunities, the segregation of duties between the managers of the Business Unit and the Procurement Department, transparency in the process and in decision-making, objectivity and agreement between all those involved in the purchase, and the mutual fulfilment of the conditions for awarding the contract.



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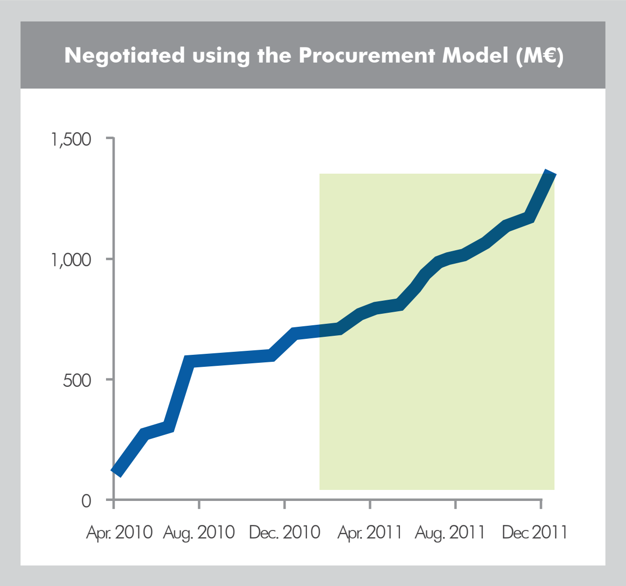
From the methodological perspective, the Procurement Management Model is based on three pillars:

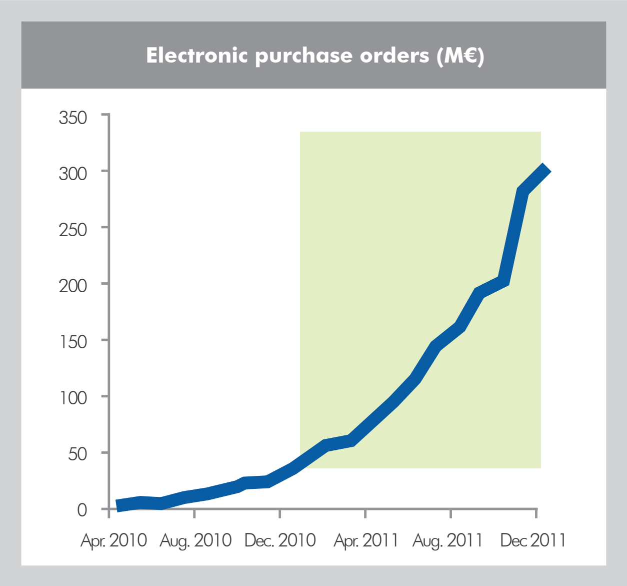
- A global organisation – the Procurement Department – located in the Group's parent company (FCC SA)
- Processes aimed at adopting shared decisions taken in a corporate body, FCC's Procurement Panel.
- An e-commerce tool that supports all activities providing efficiency to both FCC and its suppliers and facilitates the mutual fulfilment of commitments

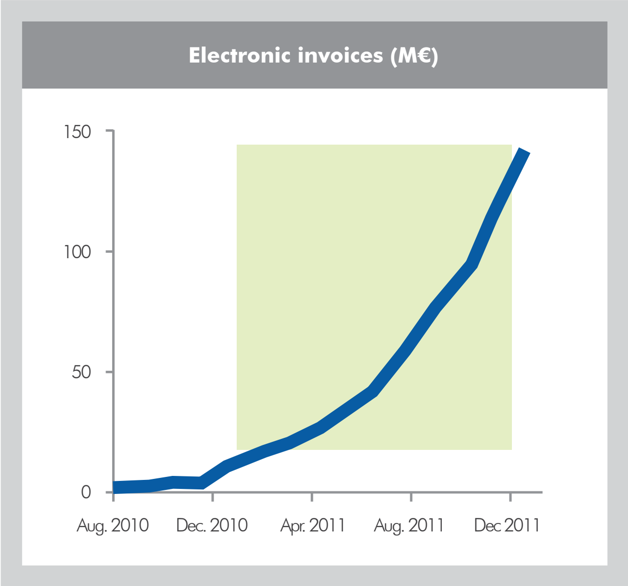
During 2011, 688 million euros have been negotiated under the new Procurement Model with 100% of the tenders for this amount being handled electronically. In addition, purchase orders amounting to 269 million euros were placed electronically and invoices amounting to 130 million euros were received. In 2011, 1,171 suppliers were included in this electronic market. Along with the 511 included in 2010, the total number of suppliers registered in FCC's electronic tool as of December 2011 is 1,682.

Moreover, in order to extend the principles of social responsibility and integrity to the supply chain, and following the guidelines of FCC's Management Committee, a clause on FCC's Code of Ethics continues to be included in all contracts with suppliers and subcontractors. This clause requires all suppliers, subcontractors and the companies we work with to be familiar with and to comply with the Code of Ethics, which is available in all the languages of the countries where FCC operates.

Another clause that continues to be included in contracts with suppliers is that of the obligation to comply with the Ten Principles of the UN Global Compact. In their contractual relationships with FCC, suppliers and subcontractors agree to assume the ten Global Compact principles promoted by the United Nations, which the







Group agreed to in 2007 (www.pactomundial.org). Breach of any of these principles may lead to the termination of the contracts.

It should be noted that another criterion for the selection of suppliers are certifications of their quality and environmental management systems. In addition, some lines of business have complementary policies on supplier management that take into account the specificities of the business.

The goal is to secure the cooperation of the leading companies that are most competitive in their markets, using responsible principles during the selection process and encouraging their involvement in behaviour that exemplifies integrity.

5. FCC Group, a referential company

FCC Group was invited in 2011 to various forums to share information on its plan to reinforce ethics and integrity. In this regard, the Group has had the opportunity to present its achievements and progress in this area to major opinion makers - (Madrid Stock Exchange, State Ports, Instituto de Empresa Business School, Chamber of Commerce, Centro de Estudios Garrigues, Forética, Club de la Energía, Parliamentary Groups, State Corporate Social Responsibility Council, San Pablo CEU University, etc.)

Within the forums in which the company is actively involved, (especially the Club of Excellence in Sustainability, Forética and SEOPAN's CSR Commission), it is worth mentioning that the aforementioned club has launched a Corporate Governance Commission, FCC directs the work of this commission through its Corporate Responsibility Manager, and leading companies in this matter in Spain are represented on the Commission. The agenda of the Commission includes various issues related to the matter, such as the importance of ethics in organisations, the analysis of the implications of the Sustainable Economy Act on corporate governance, the European Union's Green Paper on the European framework for Good Governance, the reform of the Criminal Code and issues related to remuneration systems, action guidelines for proxy advisors and the peculiarities of good governance in the different types of companies represented at the Commission.

This commission is attempting to give impetus to member companies and to promote the development of programmes for effective ethical compliance.

5.1. Recognition of FCC Group's work on sustainability

In 2011, the work done by FCC Group in favour of local communities, the well-being of citizens and the environment, received numerous awards, among which were the following:

- FCC Group received the Corporate Social Responsibility Award presented by the Comisiones Obreras Trade Union's Construction and Wood Foundation in the category 'Commitment to the Community' at the first edition of these awards. With this recognition, the Citizen Services Group saw its efforts recognised, in the words of the jury 'to create a solidarity network by focusing its work on groups with special difficulties'.
- FCC Group also received the second-place prize at the European Environmental Awards from the Fundación Entorno for the design and implementation of a protocol to quantify greenhouse gas emissions from construction. FCC was awarded second place in the 'Sustainable Development Management' category. This

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project, a pioneer in its sector, consists of the implementation of a protocol to measure greenhouse gases (GHG) in order to improve knowledge about emissions from construction activity and for the stringent quantification of these gases.

In addition, FCC Group continues to be part of the most prestigious indices that measure sustainability and responsible investment, such as DJSI World and STOXX, and has obtained the SAM Bronze Class rating; FTSE4Good and FTSE4Good IBEX. The Group has also participated for the third consecutive time in the Carbon Disclosure Project (CDP) and in the Business in the Community index (winner of the 'significant improver' award) through WRG.

▸▸▸ For more information about the awards and recognitions received by FCC Group visit the company website: www.fcc.es

INTELLIGENT SERVICES

The intelligent services that FCC offers intend to position the company at the forefront of the design of the sustainable urban communities. Its experience within the field of sustainability allows the Group to develop innovative solutions by means of a flexible and efficient management model.

Understanding and anticipating trends in urban communities of the future is possible through the identification and evaluation of opportunities. The Group focuses its strategies on the integration of carbon as a variable in its activities as a whole, with its business taking on the challenge of being part of the solution to the problem of greenhouse gas emissions generated in urban areas.

INTELLIGENT SERVICES MILESTONES IN 2011

- Creation of the Innovation Committee, coordinating body in this field under the FCC Group.
- Approval of the initiative presented at the INNVIERTE Sustainable Economy Programme-2011.
- Approval of the IROSI project "Integrated Research on Sustainable Islands". Said project was one of seven selected from more than forty proposed in the 2011 Innpronta programme of the Centre for the Development of Industrial Technology (Spanish acronym CDTI).
- More than 60 projects under development during 2011.
- Participation of FCC Construcción in leading Research, development and innovation (RDI) forums
- Development of the Aqualia All-Gas Project for obtaining biofuels
- Development of FCC Group's Climate Change Strategy
- Constitution of the FCC Group's Climate Change Commission.
- Monitoring of FCC Construcción's GHG emissions in accordance with UNE-EN ISO 14064.
- Definition of the organisational parameter of FCC Environment Services to calculate its carbon footprint.

ACTION PROGRAMMES	2014 OBJECTIVES
▸ Anticipating the design of urban communities of the future – institutional work. ▸ Leadership in innovation –for the fight against climate change.	▸ Creation of a Global Eco-City observatory antenna. ▸ List of trends in the design of Citizen Services, based on knowledge of leading institutions. ▸ Definition, actions and heightening the Group's strategy to combat climate change.

1. The Innovation of FCC Group

FCC Group is aware of its responsibility to use natural resources in an ever more efficient way. The strong population growth forecast for the coming decades, combined with the phenomenon of more and more intense urbanization, will increase the environmental pressure on the planet.

In this context, the company assumes that the solution to this challenge is found in the search for efficiency and the intensification of technological research and development programmes, which position the company as a provider of quality products and services, and as a reference point for public administrations that are more and more in need of efficient formulas to achieve the objective of offering sustainable solutions to new social requirements.

1.1. The RDI, a pillar of sustainable growth

The focus of FCC Group on RDI is evident in the Corporate Responsibility Master Plan 2012-2014. Moreover, it is an issue that is closely linked to sustainability. The development of new materials, the optimisation of processes and efficiency in the use of materials are matters of vital importance in a context of increasingly scarce resources. The investment in innovation allows the undertaking of an effective contribution to sustainable development and, on the other hand, offers the possibility of developing competitive advantages by means of developing sustainable products and services.

An important fact related to 2011, was the creation of the Innovation Committee, a coordinating body in this field within the FCC Group. Its primary mission consists of aligning innovation activities with the company's strategy and establishing the research agenda. It also allows fluid and permanent communication between all areas of business, and establishes the guidelines and common objectives

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held by the Group, seeking to enhance the transformation of innovative ideas into final projects and developments that allow the differentiation of FCC to be perceived.

In the same year, the approval of the initiative presented at the INNVIERTE Sustainable Economy Programme-2011 was obtained. It aims to boost private initiatives of industrial capital within the Energy and Environment Sectors in order to jointly invest, with public funds, in technology and innovation-based SMEs that have potential for high economic growth.

In parallel, the IROSI "Integrated Research on Sustainable Islands" project was approved, which was one of seven selected from more than 40 proposed in the Innpronta 2011 programme of the Centre for the Development of Industrial Technology (Spanish acronym CDTI). This is headed by FCC S.A through the Environment and Energy divisions, with other divisions from the Group also participating such as Aqualia, FCC Construcción and Cementos Portland Valderrivas, as well as several external companies (Acerinox, Prainsa, etc.). It has a total budget of more than 15 million Euros. Its objective is to conduct advanced and ambitious research on elements, materials, technologies and systems that are necessary for sustainable urban development of the future.

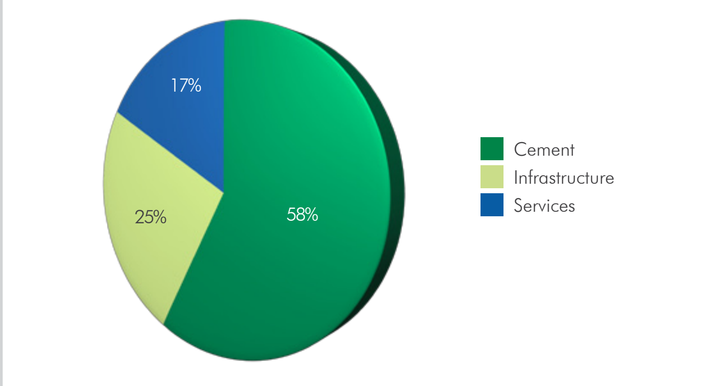
The minimization of negative environmental impacts whilst maintaining or improving the quality of the service provided is the objective that guides the research agenda of the company regarding RDI. With more than 60 projects in operation around the world, the primary areas of activity are focused on making methodologies, techniques, systems, equipment and processes more environmentally sustainable.

In particular these activities focus on:

- Sustainable urban development.
- Design of new high-performance sustainable products.
- Optimisation of processes.
- Improvements in information technologies, the control of processes and data management.

The importance that the company confers to RDI is seen in the level of investment that it sets aside for these projects. Specifically, investment in 2011 amounted to 16.3 million Euros, remaining at the levels of the previous period.

Investment in RDI



The FCC Group seeks to establish synergies between its areas of business with an individual margin sufficient to allow for the development of pioneering products and services, improving the quality of the service provided to the client.

1.1.1. Innovation in Construction and Cement

FCC Construcción and Cementos Portland Valderrivas carry out specific sustainable construction projects, prioritizing the reduction of emissions and energy consumption, as well as the efficient use of resources. The following are included among the most important projects related to sustainable construction:

- Fénix Project focused on strategic research on safer and more sustainable roads. This Project aims to generate the scientific and technical knowledge necessary to develop safer roads for users with a minimal and sustainable impact on the environment.
- Buildsmart: The primary objective of the project is the incorporation and demonstration of constructive, innovative and cost-effective techniques and methods in buildings with very low energy consumption in different climatic zones.
- The Newcrete Project for the development of a new concrete material capable of acting with a property profile that achieves a material that meets the following objectives: a) Generation of a more sustainable material based on new lines of comprehensive use of construction and demolition waste. b) The elimination of the need to use bentonite slurries, c) Obtaining a quality material, without causing disintegration or problems due to a lack of compactness, d) Elimination of problems associated with maintenance in underground structural elements by developing improved durability, e) Use of new assembly systems, such as fibres.
- The CETIEB Project has as its objective the development of innovative solutions for monitoring air quality inside buildings, carrying out research into passive and active systems which improve the quality of same. The focus is on developing cost-effective solutions that ensure a broad application of the developed systems.

For its part, the Cement Division has created a Knowledge Management department that is directly related to the RDI area, which has somewhat increased corporate resources and involves over 120 people from the organisation in various on-going projects, backed by integrated RDI in the organisation.

In this RDI strategy the lines of work are focused on the research and development in the manufacturing of special products and materials with lower energy consumptions and less CO_2 emissions, the fight against climate change, both by means of fuel valorisation and by developing new products, and the design of products adapted to new niches in the market as substitutes for existing ones. For example, the development of innovative products such as express concrete; which is a quick-setting concrete that could be used in special conditions caused by natural disasters.

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1.1.2. Innovation in the Environment

The most recent initiatives in 2011 were focused both on the areas of mobility and emissions:

- The development of electric vehicles or electric hybrid vehicles for waste collection in order to reduce pollutant emissions has led to the launch of the electronic PLUG-IN hybrid tank vehicle (in the field of machinery). It consists of a $5m^3$ street washer with a reduced width of 2.2m, made from polyester, over an electrical-hybrid chassis which is rechargeable from the power grid and capable of providing a purely electric service. A vehicle with no pollutant gases has been made which has minimal sound emissions.
- Replacement of diesel for less pollutant alternative fuels.
- Manoeuvrability in the urban environment
- Reduction in sound emissions
- Improvements in the emission of exhaust fumes

▸▸▸ If you require more detailed information on the RDI projects of the FCC Group, please visit the company website: http://www.fcc.es/fccweb/responsabilidad-corporativa/innovacion/retos/index.html

INNOVATION IN FCC ÁMBITO, IN THE TREATMENT AND REUSE OF WATER

The Group's industrial waste division, FCC Ámbito, via its subsidiary in the United States, FCC Environmental, has undertaken a research and development project on recycling for the reuse of water used in fracking, a by-product of drilling for deposits of Natural Oil and Gas. This water is known as Flowback Water (2,500 cubic metres per well), it is contaminated with various heavy metals, such as Ba, Mg, Sr, Ca, Fe, sulphates, carbonates, bacteria and a high level of salinity. It also contains various dissolved chemical additives used in the starting water.

The objective of the research project was to study different types of water treatment in order to find the one that is most efficient, from an environmental and economic point of view. The treatment should clean the water to the point that it can be reused as starting water in the process of fracking operations. Finally, the most adequate treatment, which also meets all requirements demanded by the American Environmental Protection Agency (EPA), is a physical-chemic al treatment, in which various chemical reagents are added in order to achieve the precipitation of heavy metals. As a result of this research, a mobile plant has been built which is capable of treating a volume of $50m^3$ / h of Flowback Water.

This plant offers a solution to the problem of discharge and treatment of Flowback Water while at the same time it offers many environmental advantages (reduction in the consumption of water from rivers, lakes and other natural sources, reduction in the use of chemical additives, and a reduction in the emission of greenhouse gases as a result of the transportation by land of the water in question, etc.).

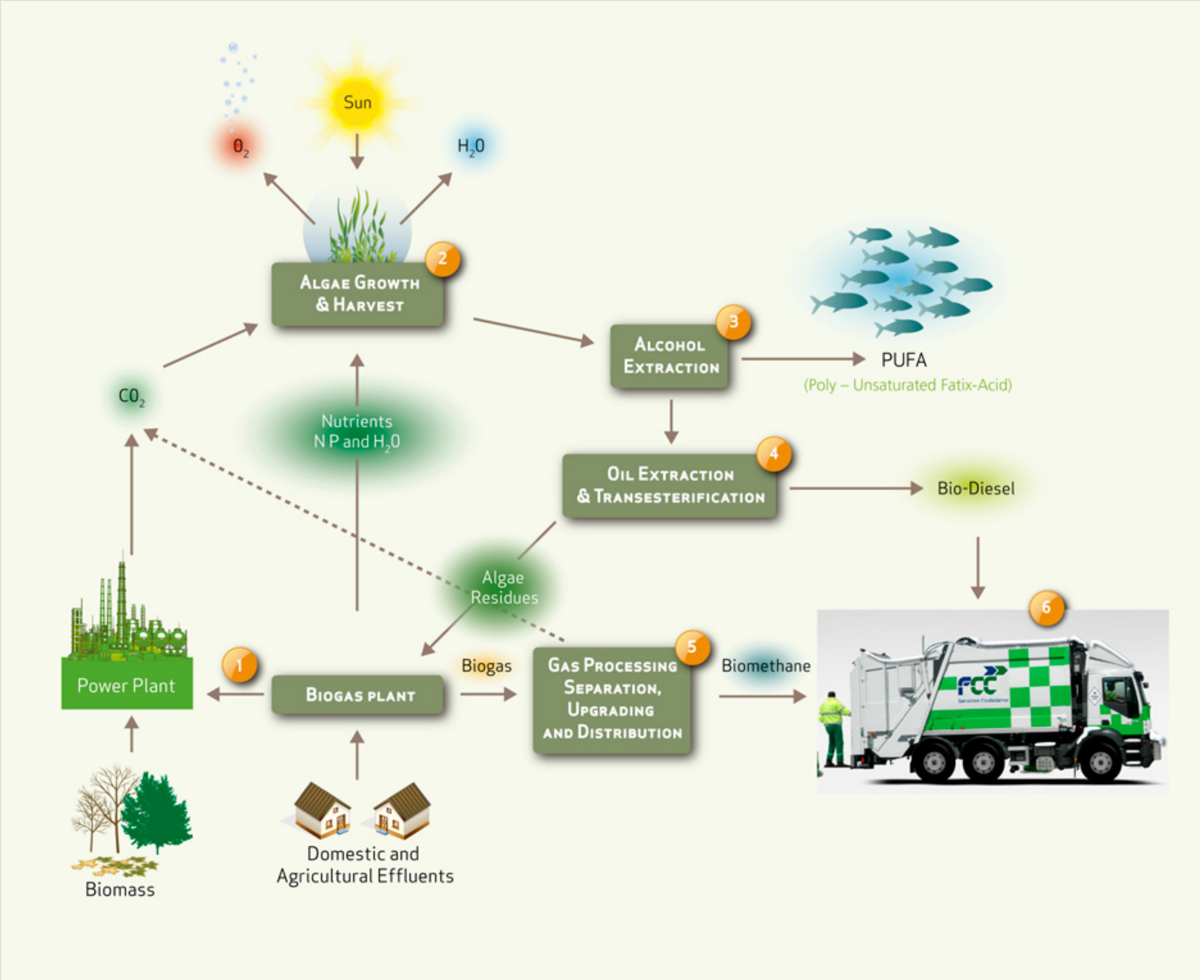
INNOVATION IN AQUALIA BENEFITTING EFFICIENCY AND CLIMATE CHANGE MITIGATION

Aqualia, the FCC Group subsidiary that is devoted to comprehensive water management, in its commitment to innovation in the strategic line of intelligent services, has developed the All-Gas project that will allow biofuels to be obtained from the treatment of waste water. Under the leadership of Aqualia a further six research companies are participating from Germany, United Kingdom, Holland, Austria and Turkey.

The basis of the project is the use of wastewater for the cultivation of microalgae and its subsequent conversion to energy products such as biodiesel. The waste-water treatment plant -WWTP- of El Torno in Chiclana, Cádiz, has the essential facilities necessary for the research phase. In the adjoining municipal salt works, two lagoons, an algae collection system and a 10-hectar industrial plant for the cultivation of algae will be set up.

Among the advantages and innovations of the All-Gas Project is improved efficiency, since it involves the cultivation of fast-growing organisms such as microalgae, as well as the simultaneous elimination of nutrients from the waste water and the collection and processing of biomass for oil and other chemical extractions. This technology makes it possible to efficiently obtain biofuels such as biodiesel, biogas and biomass, without the need for large plantations of nutritional raw materials, and by which the consequential increase in foodstuff prices is avoided.

The All-Gas project falls within the framework of the commitment by the EU to reduce dependency on fossil fuels, so that by 2020 year 20% of energy will come from renewable sources.
The work of aqualia in technology platforms on water and biomass, for example Bioplat- with the support of the Ministry for the Economy and Competitiveness, and the experience in water management, has been reflected with outstanding recognition by prestigious publications such as Global Water Intelligence (GWI) as “Best Water Management Company in the World”. And in 2010, the same publication awarded the financial closure of the water treatment plant in New Cairo, Egypt, with the “Water Deal of the Year” award.



CSR INTELLIGENT SERVICES

2. FCC Group against Climate Change

FCC Group shows its commitment to the fight against climate change by maintaining a thorough control over the GHG emissions of the entire company. FCC has made efforts to reduce carbon emissions associated with its business, promoting synergies that allow maximum advantage to be taken from existing capabilities within the Group. The importance of this fact is reflected in the Corporate Responsibility Master Plan 2012-2014, which includes, among its lines of action, specific initiatives aimed at guiding the strategies of the company to integrate carbon as a variable throughout its business activities with the goal of assuming a leadership position in innovation in the fight against climate change.

Within FCC Group the strategy to minimize emissions is based on:

- The optimisation of productive processes.
- Energy efficiency.
- The exploration and use of new and alternative fuels.
- The use and development of renewable energies.

2.1. The risks of carbon, a priority in our business

FCC Group, during 2011, carried out an initiative in order to determine the carbon footprint of the Group and to analyse the primary sources of emissions, specifically for each area of its business. This work has allowed the main operative risks to be established, by volume of business and from a financial perspective. Moreover, the company found opportunities related to adapting business to new scenarios and an increase in demand for services.

The most significant risks identified are related to regulatory changes, the rising cost of raw materials or a higher frequency of extreme physical phenomena. The opportunities however, are found in improving energy efficiency in production processes and the development of new products and services, especially in the energy sector.

Additionally, the analysis also allows us to deduce that the area possibly the most affected might be the cement one, since it is the main source of emissions of the FCC Group, and moreover it is subject to the European Emissions Trading Scheme, which is expected to become even tighter in the future.

If we consider the risks associated to the business, due to future restrictions and the volume of emissions of each business, not just Cement activities (within the European Emissions Trading Scheme) but also Environment related (pertaining to the diffuse emissions sector) are the two lines of business with the greater exposure to said risks, FCC Group is very aware of this situation, therefore these are lines of business that develop important initiatives within the field of managing climate change.

Alongside this, the study carried out showed the following results:

- Report of recommendations to strengthen the emissions inventory of the FCC Group and thus develop protocols for reporting and determining the carbon footprint of the Group.
- Identification of major emission sources and reduction opportunities in each business area and associated indicators (emissions per unit of activity).
- Quantification of costs and opportunities for a group of scenarios that can be used by the FCC Group to define objectives and strategies on climate change.

2.2. The fight against climate change, strategic in the FCC Group

The need for a strategic approach that brings together existing alternatives for joint action on climate change, its risks and opportunities, has inspired the development of a strategy on climate change at FCC Group.

The design objective of this strategy is to obtain a consensual result that addresses the diversity of positions in the company. At the same time, it involves making the most of this diversity which is where the greatest opportunity lies: for FCC to identify the most relevant action synergies and the most appropriate joint-methodologies for initiatives.

DEVELOPMENT OF THE CLIMATE CHANGE STRATEGY OF FCC GROUP

General objective.

To set out a climate change strategy for FCC Group, which addresses challenges and opportunities, both in the area of mitigation (reduction of greenhouse gas emissions GHG) and in the area of adaptation (impacts of climate change).

Specific objectives.

- Establish the basis for calculating the carbon footprint of the Group as well as more specific studies of each organisation or area of activity.
- Identify key areas within each line of business where there is scope for reducing GHG emissions, with particular attention to energy aspects.
- Analyse the vulnerability, in the organisation and lines of business, compared to the expected impacts of climate change, taking into account the strategic future expected for each and their geographic areas of implementation.
- Examine the challenges and opportunities arising from the national and international regulatory framework on climate change and energy.
- Define the lines of action in both the areas of mitigation and adaptation, and outline actions to be implemented.
- Establish a strategy for communicating the results, both internally to the Group and externally to its customers, employees and the general public.

Our environmental strategy is based on climate change with the mitigation of risks derived from same and the adaptation of our business, in order to make the most of the associated opportunities.

2.2.1. FCC's Climate Change Commission, an impetus to fight against climate change

In 2011 the FCC Group Management Committee approved the setting up of the Group's Climate Change Commission as the coordinating body in the fight against climate change. Its primary objective will be the development of the company's strategy and its areas of business within this scope, focused on managing the risks associated with climate change, but mainly in the analysis and use of its associated opportunities.

Some of the considerations that led to the establishment of this Committee are:

- The new European climate strategy that modifies the Emissions Trading Scheme, and which applies to the new activities of FCC.
- FCC group, as a citizen service company, can provide solutions to the problem of high concentrations of emissions in cities over the next decade.
- The required adoption of a strategy for water management that includes the effects of climate change on the variation of water regimes, floods and droughts; the commitments to managing and reducing the environmental impact taken on by FCC with the approval in 2009 of its Environmental Policy.
- The capacity of the company to offer services and build and design infrastructures with less energy consumption, fewer emissions and, in general, to reduce its environmental impact, adapted to adverse climatic conditions or to conditions that may change in the future.

The Commission, chaired by the Group's General Manager of Communication and Corporate Responsibility, has as its Vice-chairs, the company's General Manager of Energy and Sustainability and the Corporate Director for the Environment, Sustainability, Innovation and Knowledge Management of Cementos Portland Valderrivas, and comprises representatives from the Group's Corporate Responsibility Department, Cementos Portland Valderrivas, FCC Construcción, Aqualia, FCC Ámbito, FCC Medio Ambiente, FCC Energía and FCC Logística.

Primary roles assigned to the Climate Change Commission

- Monitoring of FCC's greenhouse gas emissions inventory
- Analysis of risks and new opportunities concerning climate change
- Definition of the positioning of the Company in adaptation to, and mitigation of, climate change
- Drawing up the responses to external requests from relevant interest groups
- Established as principle prescriber within the Group, for matters relating to climate change

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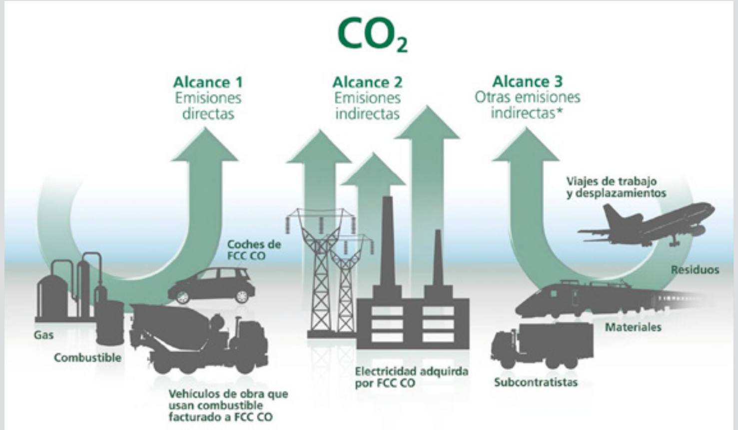
2.3. Reducing emissions in business

In 2011, FCC Group's GHG emissions amounted to 11.917.117,51 t CO_2 eq, a figure that represents a reduction of over 6% compared to the year 2010 in absolute terms, due partly to the reduction in activities. For its part, the specific emissions (Mt CO_2 eq/M€ of turnover) were 1.01, a reduction of 23% compared to the 2010 figure. This reduction shows the efforts that have been made by the Group to reduce its relative emissions by means of efficiency in rendering services.

The divisions with the most important emissions in relation to the Group as a whole are the Cement and Services divisions respectively. Despite low consumption, compared with said two business areas, FCC Construcción also has plans to improve energy efficiency that result in emission reductions.



FCC CONSTRUCCIÓN VERIFIES ITS GHG EMISSIONS INVENTORY

In 2011 FCC Construcción became the first Spanish construction company to have its Greenhouse Gas (GHG) emissions inventory verified by AENOR. The verification is one of FCC Construcción's responses to climate change, which is primarily the result of having detailed knowledge of emissions generated.
Integrating the problem of climate change into the strategy of FCC Construcción also represents a clear competitive advantage, since the Government has decided to award sustainable behaviour. In this sense, a working group has been created to include the carbon footprint in public procurement, looking at the possibility of considering it, within the organization and / or the product or service, as prerequisite or scoring criteria in the tender specifications.

The "Construction CO_2 measurement Protocol" that was produced and verified in accordance with the requirements established by the standard UNE-ISO 14064-1:2006 "Greenhouse Gases. Specification with guidance, at the level of organisations, for the quantification and the reporting on the emissions and removal of Greenhouse Gases", within the framework of the European Network of Construction Companies for Research and Development (ENCORD.

The protocol reflects the GHG inventory from the year 2010 for activities carried out at worksites and fixed centres of FCC Construcción, located in Spain.

It also includes the quantification of the reduction of GHG emissions (avoided emissions) in the year 2010, thanks to the implementation of good practices at building sites.

The quantification of the GHG emissions of FCC Construcción is carried out under the operational control approach, taking into consideration the following scope in the definition of operational limits:

- Scope 1: Direct GHG emissions, from sources that are the property of, or that are controlled by, the company.

FCC CONSTRUCCIÓN VERIFIES ITS GHG EMISSIONS INVENTORY

- Scope 2: Indirect GHG emissions, associated with electricity consumed by the company.
- Scope 3: Other indirect emissions that are a consequence of the activities of the company, but that are produced from sources that are not the property of the company, and which are not controlled by FCC Construcción.

In the upcoming years, FCC Construcción hopes to again verify, every year, its inventory of GHG emissions. In 2012, the construction division of FCC Group intends to extend concepts included in its emissions' inventory, thus giving more coverage to activities of the company and reflecting more realistically the environmental impact of the company.

For this project FCC received from their Royal Highnesses, the Prince and Princess of Asturias, one of the runner-up awards of the European Environment Prizes, in its Spanish edition, which was awarded by the Fundación Entorno (Environment Foundation)

2.3.1. Cement

The cement manufacturing activity of FCC Group, one of its main sources of GHG emissions, is regulated by the GHG Emissions Trading Directive. For the period between 2008 and 2012 it received an allocation of 7,763,269 t CO_2 per year for its eight manufacturing plants in Spain.

During the year 2011, the decline in activity in the cement business and the use of alternative fuels in the kilns, has led to a decrease in total emissions of 1.2 million tCO_2, 17% less than the previous year reaching 5,946,362, tons of CO_2.

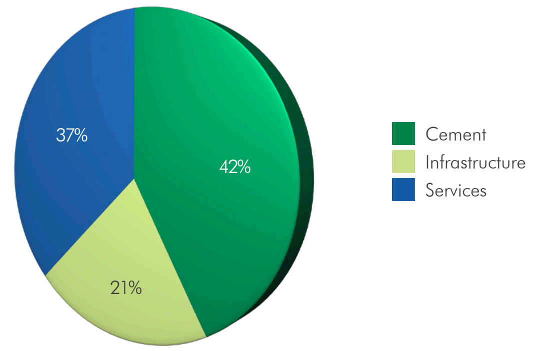
The GHG emissions produced in the process of manufacturing cement have two origins. Firstly, 60% of the amount emitted originates from the process of decarbonisation caused from converting the limestone ($CaCO_3$), which is used as the main material, into calcium oxide (CaO) and carbon dioxide (CO_2).

Secondly, the 40% remaining is produced in the combustion required to reach the high temperatures of the kilns in order to cause the chemical reaction which enables the formation of clinker (the main component of the cement). These emissions are therefore directly proportionate to fuel consumption and to the relationship between carbon content and the calorific value of fuel.

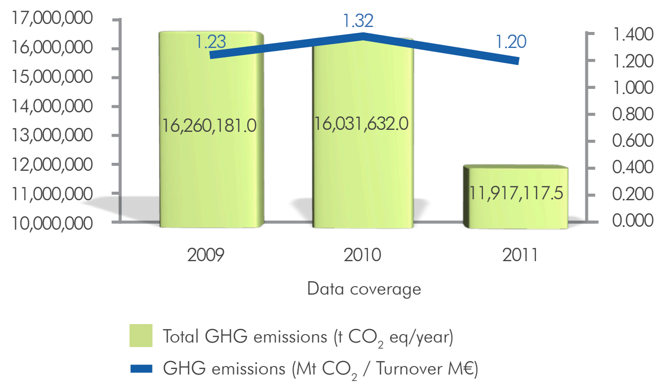
Cementos Portland Valderrivas has come up with a strategy for mitigating GHG emissions. Said strategy is in line with the corporate strategy for the fight against climate change undertaken by FCC Group and is based on the following:

1. Promote the substitution of natural raw materials for materials that are either fully or partly decarbonised (ash, slag, construction and demolition waste, etc.) in order to reduce CO_2 emissions in the firing of clinker.
2. Encourage the replacement of fossil fuels with alternative 100% biomass fuels (meat meal, wood waste, sewage sludge, etc.), or a partial biomass content that varies according to the type of waste (residual fraction of municipal solid waste, used tires, cellulose wastes, etc.) or other alternative fuels, with an emissions' factor which is less than traditional fuels. In this sense a target is set for increasing energy recovery by replacing fossil fuels with alternative fuels, reaching 30% by 2013.
3. Improving energy efficiency, optimising the clinker manufacturing installations in order to reduce specific consumption per tonne.
4. Increase the volume of additives in the manufacturing of cement, in such a way that the clinker factor is reduced per tonne of cement manufactured.

Origin of GHG emissions



GHG Emissions



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5. Participate in geological CO_2 capture and storage projects in order to analyse its viability within the cement sector.

The combined application of the first three possibilities for reducing emissions in the different factories of the Group must lead to greater adherence to the benchmark for CO_2 emissions per tonne of clinker (766 Kg CO_2/t ck) for the year 2013, as established in the corporate strategy for reducing emissions.

The company also maintains a very active attitude in taking measures to adapt to climate change in the research and development of new products with specific benefits that offer solutions to specific situations. Some examples might be the high-resistance cement and the quick-drying cement, used in areas that are exposed to extreme climatic events or in situations of natural disasters. This will allow the company to access new niches in the market.

DEVELOPMENT OF NEW CEMENTS TO COMBAT CLIMATE CHANGE

The Cementos Portland Valderrivas Group, acting as a pioneer in the Spanish cement sector, develops its RDI strategy, focusing on the optimisation of its processes and the development of new products with better and more specific benefits, in order to achieve a saving of natural resources used and a reduction in CO_2 emissions, while at the same time we contribute to the improvement of constructions, the provision of new solutions and services and an increase in the quality of life of our environment.

The research and development methodology of products based on the UNE 166002 standard, stipulates the different RDI activities, from technological surveillance and the generation of ideas to the protection and use of the results. Within the strategic lines of the Group, the environmental policies being employed to date are the following:

- The manufacture of new glass materials with a highly efficient production process and lower CO_2 emissions.
- The use of industrial by-products to replace the traditional raw materials of clinker for the manufacturing of new cement materials.
- Manufacturing processes with high energy efficiency.
- Carbon sequestration studies, physical and biological.

In addition to the lines of previous research, Cementos Portland Valderrivas works on reducing other impacts on the environment caused from its activity, such as pollutant or noise emissions, for which it has launched two research projects.

2.3.2. Services

The main GHG emissions of the services division are in the treatment and disposal of waste and in the use of fuel in transportation vehicles used in urban services. In the case of the urban waste landfills, the anaerobic reactions which occur during the decomposition of waste lead to methane emissions, a gas with a much higher greenhouse gas effect than CO_2. In 2011, the greenhouse gas emissions (methane and CO_2) in landfills amounted to 4,338,983 tCO_2 eq, 36% of emissions of the Group, a figure that shows the importance of this source of emission.

FCC Group has lines of investigation that are focused on reducing GHG emissions from these two important sources mentioned above. Firstly by replacing fuels for the generation of heat and the use of renewable energy and the progressive replacement of the lorry fleet for others that use clean energy. Secondly, by making use of the gases produced in landfill sites.

In this sense it can be highlighted that Waste Recycling Group (WRG), a subsidiary group in the United Kingdom, has a Carbon Policy, which formalises the position of the company to reduce emissions. In addition, WRG and FOCSA in the United Kingdom have obtained the certification in accordance with the Carbon Trust standard. This certification can only be obtained by demonstrating reductions in emissions and a commitment to on-going improvement on a yearly basis. These subsidiaries are designing an awareness campaign for 2012, aiming at continuing along these lines.

ENVIRONMENTALLY FRIENDLY VEHICLES

FCC Group is actively committed to protecting the environment. One of the means by which the company exercises a greater impact on the environment and with which it makes more intensive use of resources, in this case fossil fuels, is with its fleet of vehicles. For this reason FCC Group has been working for years to improve the efficiency of its fleet of vehicles by incorporating the latest technology and by using vehicles that consume alternative fuels that are less pollutant than traditional fossil fuels.

Each line of business in FCC Group has its own fleet management system, and each one of them implement initiatives that adapt better to their business model. Additionally the type of vehicle used differs according to the activity undertaken by each area; therefore there are specific initiatives uniquely suitable for certain vehicles.

In general, some of the initiatives of FCC Group to improve the management of its fleet of vehicles and minimising the environmental impact from the use of same, are as follows:

- Use of particulate filters on diesel vehicles.
- Adaptation of vehicles to more demanding European and International environmental standards.
- Use of hybrid vehicles.
- Use of vehicles running on cleaner fuels (natural gas).
- Preventive maintenance. Conducting periodic reviews in order to identify any faults that result in inefficiencies.
- Use of long-life oils.
- Training vehicle drivers to drive more efficiently.

Proactiva Medio Ambiente has an Eco-efficiency Programme that includes lines of action for the reduction of energy consumption and improved efficiency. Cemusa, the urban street furniture subsidiary of FCC Group, designs new street furniture in accordance with eco-efficient criteria, in order to provide the new furniture with more efficient lighting and in order to integrate renewable energies into the designs, as well as carrying out awareness campaigns among its employees in order to make efficient use of the energy at their workplaces as well as among drivers of its vehicles.

Moreover, the FCC Group is carrying out various initiatives regarding the provision of services which use less energy consumption and emit fewer emissions. During 2011 an effort was made to define the organisational parameter of the services of the FCC Environmental Division in order to calculate its carbon footprint.

As the next step in the ce2d methodology that allows the Group to identify, quantify and establish the traceability of the specific indicators of environmental performance of our activities, during 2011, the Environmental division produced the document entitled “Guide to the quantification of GHG emissions for the purpose of calculating the carbon footprint of the organisation".

On the foundation established by the GHG Protocol the organisational limit has been determined with operational control from which the carbon footprint is calculated for the year 2011. The calculation process, as well as the guide, shall be subject to a pre-evaluation process (as a prior step to verification) by an external certifying body.

According to the conclusions of the pre-verification report, the year 2011 will be chosen as the year as from which the organisation will be given a period to study the possibilities of setting out a strategy with improvement objectives to reduce its GHG emissions and energy consumption, all of which will be in line with market opportunities and needs that better enhance eco-efficient development.

During 2012 the carbon footprint calculation process shall be set out for services, its objective being to make an evaluation tool available for the purpose of energy management. This will also reflect the traceability of the continual improvement policy applied regarding efficient energy and the reduction of GHG.

2.3.3. Construction

The energy consumption of FCC Construcción is mainly due to the use of fuel that is necessary for the operation of its building site machinery, the equipment necessary to generate electricity, working vehicles, auxiliary plants for manufacturing on-site, boilers, etc. Additionally noticeable electrical energy consumption is produced for interior and exterior lighting, auxiliary plants, tunnel boring machines, etc. These consumptions are centred on initiatives implemented by this division, which can be grouped into three blocks: redesign of processes; replacement, modification or refurbishment of equipment; and changes in the behaviour of workers. FCC Construcción calculates the energy intensity of new construction projects, which in 2011 amounted to 30,750 tCO_2eq per million Euros, of turnover.

Some of the initiatives carried out at FCC Constucciónes' building works to optimise the fuel and electrical energy costs in 2011 were:

- Redesign of processes, such as the optimisation of transport distances, promoting the consumption of local resources that are closer to building sites, promoting the use of less polluting fuels, improve night lighting and the control of energy consumption.
- Replacement, modification or refurbishment of equipment, with the suitable maintenance of machinery and building site vehicles and fine-tuning the intensities and types of lighting installed.
- Awareness campaigns for workers, reducing speed limits at the sites and making both Group and subcontracted workers aware of the measures, which have been applied at 90% of the current works in progress.

Once these measures were implemented, the emissions reduced were calculated and the following results have been obtained: a reduction of 96.12 tonnes of CO_2 by reusing the soil at the same sites instead of transporting it to the landfill; a 5% emissions reduction due to the correct maintenance of machinery and an additional 5% from controlling the speed of the vehicles at the sites.

2.3.4. Clean Development Mechanisms: additional tools for the reduction of emissions

The Clean Development Mechanisms (CDM) form part of the flexible procedures established by the Kyoto Protocol to help developed countries to fulfil their commitments to reduce GHG emissions. FCC Group's strategy to reduce emissions also includes the development of these types of projects. Additionally, the projects create social and environmental benefits for the countries that take on the initiatives. FCC Group's CDM is developed in Iberoamerica through its Proactiva Medio Ambiente Division.

In 2011, Proactiva had eight CDM projects

- 4 CDM projects registered with the United Nations Framework Convention on Climate Change: in Mexico (the Mérida Project); in Argentina (the Fachinal Project), in Brazil (The Tijuquinhas project); and another project in Colombia (the Doña Juana Project).
- 3 projects have the national letter of approval and are in the CDM validation phase: Querétaro (Mexico), Tlalnepantla (Mexico) and Presidente (Colombia).

- 1 project in the design phase at the Sanitary Landfill at La Yesca (Chile).

The estimates for emissions' reductions for these eight projects can be estimated at 1,100,000 tCO_2eq per year. In this same year, Proactiva Brazil obtained certification for its carbon credits by the United Nations Framework Convention on Climate Change (UNFCCC). At present this project generates between 17,000 and 18,000 CERs per month. Moreover, energy efficiency equipment has been installed in the CDM Project of Querétaro (Mexico), which will allow reduced emissions to be reported by 2012.

For its part, Cementos Portland Valderrivas collaborates indirectly with the development of the flexible mechanisms of the Kyoto Protocol by means of its participation in the Spanish Carbon Fund (Fondo Español del Carbono). It obtained 77,913 emission rights in 2011.

2.4. Renewable Energies: another way of mitigating climate change

2.4.1. Generation

The company is strongly committed to producing emissions-free energy, which is inexhaustible and independent of fossil fuels. FCC Group has a recently set up a line of business, FCC Energía, which bases its activity on renewable energy, energy efficiency, cogeneration and energy valorisation of waste.

This division has solar farms, wind farms and solar thermal power plants with which it produces an important amount of electrical energy. It has a presence in six Autonomous Communities, and has fourteen wind farms and two photovoltaic plants in operation, as well as two solar thermal power plants under construction.

The two photovoltaic plants of FCC Energía have an installed capacity of 20 MW, and the energy production in 2011 was 33,740 MWh. The installed power in wind farms is 421.8 MW, and the energy production in 2011 reached 740,929 MWh.

Thanks to the energy produced at the renewables centres of FCC Energía, atmospheric emissions were reduced by 211 thousand tCO_2.

2.4.2. Consumption of renewable energies and alternative fuels

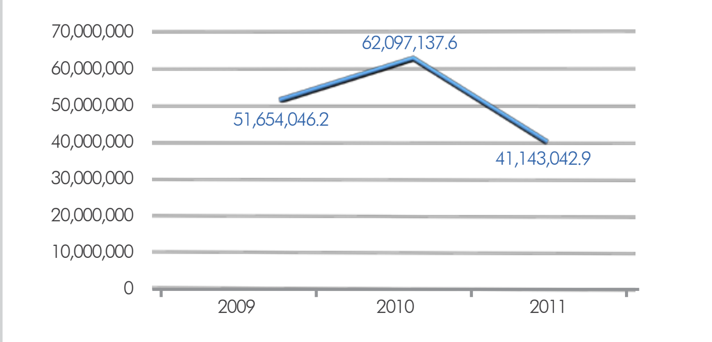
In 2011, the rate of renewable energies consumed directly out of the total direct energy consumption, which amounted to 34,798,033 GJ, was 7%.

The Cement Division, the most energy-intensive consumer in the Group, has focused its activities in 2011 on promoting the use of alternative fuels from waste destined for landfill, especially biomass.

For Cementos Portland Valderrivas, energy recovery from waste is a priority option rather than depositing waste at landfills or elimination, as it is more environmentally-friendly and in addition, it does not endanger human health. In this respect, in 2011 energy recovery started at the El Alto and Monjos plants and energy replacement has increased at the four Spanish plants where recovery was already being performed. All this has meant that in 2011 the energy replacement rate at Cementos Portland Valderrivas Spain has doubled when compared to the previous year.

In addition, the Cementos Portland Valderrivas Group has two industrial waste treatment plants in the United States, where alternative fuels are made from liquid and solid wastes of fuel, solvents, coolants and crushed solid waste.

Total Consumption of energy



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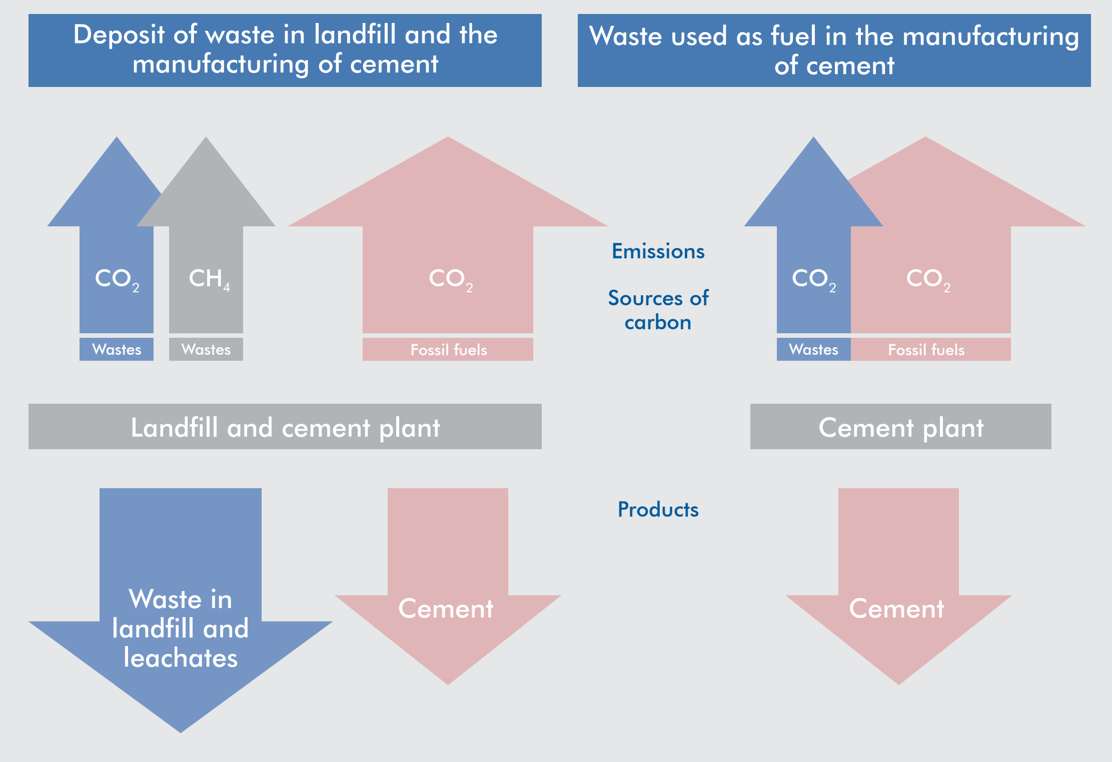
WASTE RECOVERY DIAGRAM FOR THE MANUFACTURING OF CEMENT



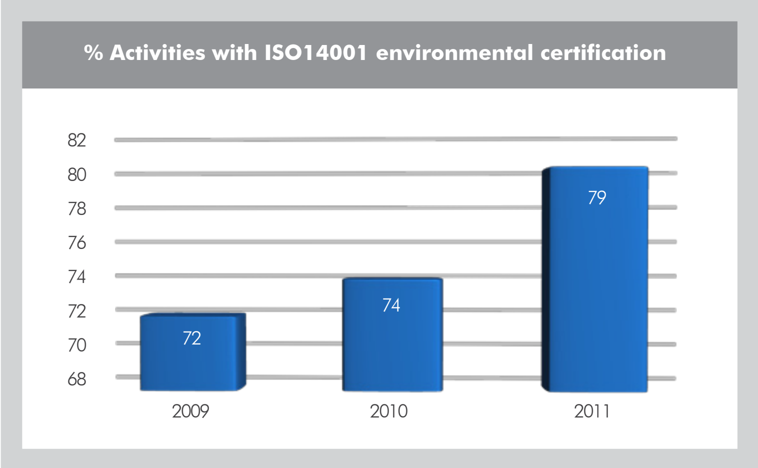
During 2011, by replacing fossil fuels with biomass, FCC avoided the emission of 134,291 t CO_2e in Spain.

3. ENVIRONMENTAL MANAGEMENT OF FCC GROUP'S ACTIVITIES

3.1. Eco-efficiency

Year after year eco-efficiency provides clear results for the company. Positive environmental effects are achieved by reducing the use of resources and the cost-effectiveness of projects is improved significantly.

A basic instrument for generating eco-efficiency in production processes is the solid environmental management system that the Group has. In 2011, the company continued to promote the environmental certification of its activities and facilities, exceeding 79% of its total certified activity.



Despite this continuous improvement effort, in 2011 there were financial penalties for breach of various environmental regulations, which amounted to a total of 420,068 Euros.

The reliability of performance indicators is a vital requirement for establishing and developing effective improvement plans. To this end, FCC Group has "Horizonte", a centralized management system that enables the collection and management of the entire Group's sustainability information. This information serves as a starting point for the design of specific corrective action plans where opportunities for improvement are greater and more effective.

3.1.1. Promoting sustainable use of materials

The company actively promotes the environmental optimization of production processes, recycling and recovery as a means of reducing the environmental impact.

Each line of business has its own initiatives to reduce the consumption of materials. FCC Construcción promotes the use of scrap material for alternative uses, carrying out proper segregation and selective separation.

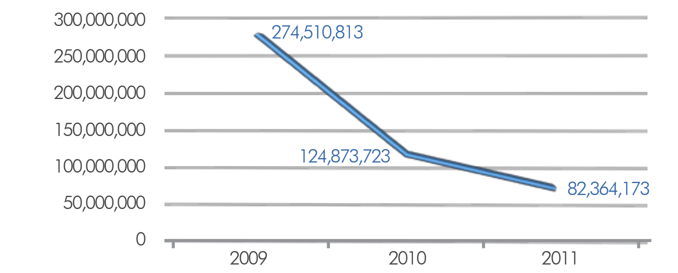
Meanwhile, Cementos Portland Valderrivas encourages the use of alternative raw materials to replace natural raw materials and to reduce the consumption of resources while helping to reduce CO_2 emissions when these materials are partially decarbonised. In 2011 the consumption of alternative raw materials for clinker and cement with regard to the total raw material required for the production process amounted to 7.3% in the US and 7.2% in Spain. This is an upward trend with regard to the previous year for both Spain and the US and is mainly due to the increase in the consumption of fly ash in the case of Spain and plaster and concrete remains in the US. In spite of the efforts, in 2011 FCC Group consumed 82.4 tonnes. This figure cannot be compared to previous years due to the variation of the scope of consolidation of information in 2011.

3.1.2. Water, the most precious resource

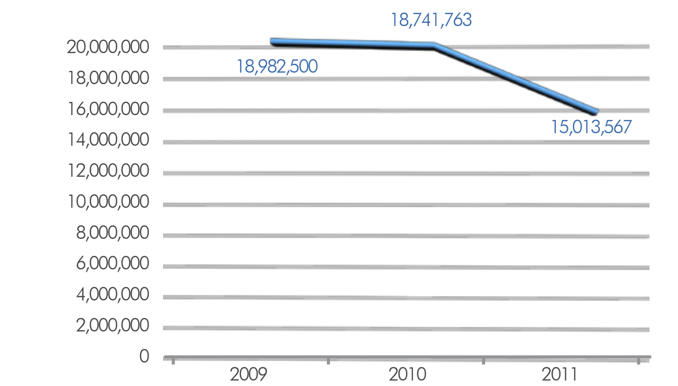
3.1.2.1. Water consumption

Water is necessary for all activities undertaken by the Group. From the manufacturing of cements, concrete, steam generation from waste in power generation plants, decontamination of industrial waste and street cleaning and garden maintenance activities. The table shows FCC's water

Materials consumption (t)



Water consumption (m³)



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consumption according to each business division and the graph shows the origin of the water consumed. As far as it is possible, and as long as the characteristics of the activity so allow, FCC Group uses non-drinking water.

In 2011, FCC Group's water consumption amounted to 15,013,357 cubic meters, of which 35% is from municipal supplies. This level of consumption represents a 19% reduction with regard to consumption in 2010, although the 2011 amount excludes Proactive's data in the total calculation of services.

In general, the overall awareness of the responsible use of water is an efficient initiative undertaken by the Group's activities as a whole. In the case of FCC Construcción, this also extends to the awareness of subcontractors, and measures are undertaken to reduce its consumption, such as the provision of automatic cost-effective systems and the reuse of effluents in process waste water.

FCC also has a subsidiary, aqualía, specialising in comprehensive water management which will be discussed in a later section of this chapter.

Water consumption in the Cement Division

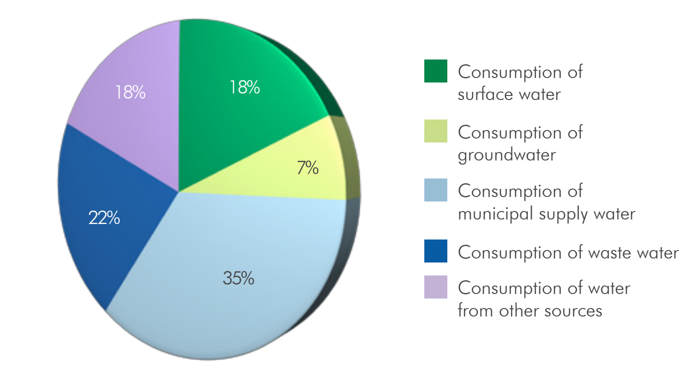
The Group has established, as a future challenge, the improvement in water use in the manufacturing of cement. Consumption in 2011 amounted to 3,416,215 cubic metres, of which 22% came from groundwater, 14% from municipal water, and the rest from other sources. This consumption represents a reduction of almost 4% with respect to the previous year.

The reduction in water consumption is achieved by placing recycling systems in the concrete division, as well as by installing of water recycling systems for cleaning vehicles in factories and quarries and the renovation of distribution and water collection networks.

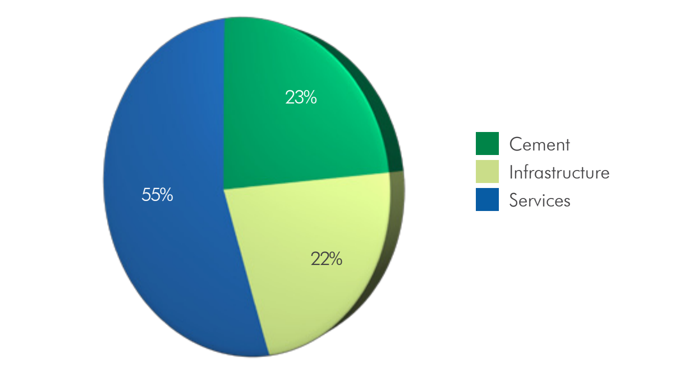
Water consumption in waste management activities

In the activities of urban waste management the need for water consumption is high, although the percentage of recycled water used is growing. In the case of landfills, water is used to reduce the impact of dust, for sweeping and for washing down wheels. Water intake is attempted from nearby lagoons or other sources rather than using the water network which is used only during the summer due to lack of water in the environment.

Consumption of water according to its origin



Consumption of water by divisions



In Spain the trend to use alternative sources of water (wells, rainwater and regenerated water) instead of water from the network is increasing. Specifically the use of regenerated water represents the most significant proportion with 61.2% in the activity of watering parks and gardens. In treatment and waste elimination plants 95.6% of the water from alternative sources comes from rainwater and wells. In 2011, the consumption of water in this line of business in Spain amounted to 5,876,230.02, 13% less than the same figure for 2010 (5,081,214.8 cubic metres).

Water consumption in FCC Medio Ambiente

Water consumption in 2011 stayed at practically the same level as in 2010 despite the increase seen in the areas being watered in parks and gardens (an increase of 11,56%), where one would have expected to see a significant increase in the water consumption had it not been for the fact that almost all the additional area has automatic watering systems.

The consumption of water from municipal supply networks (51% of water consumed is from this source) has fallen by almost 2% compared to 2010, with a significant drop of 12% achieved in central offices and workshops as a consequence of saving measures and awareness campaigns implemented within the framework of the “ecological office” initiative.

The consumption of water from alternative sources, that amounts to almost 20% of the water consumed, (groundwater, stream water, storm water, reclaimed water and treated recycled water) increased by 1% covering up to 48% of the water requirements of FCC Medio Ambiente España. In addition, the consumption of water from wastewaters has remained constant compared to the previous year, which represents 28% of total water consumed.

Water consumption in other services

Several of the activities of FCC Versia are carrying out different measures to reduce the consumption of water, among which can be highlighted the use of recycled water in some cleaning processes, the implementation of flow reduction devices in green centres, the selection of vegetation that needs less water in green areas and pilot installations for the collection of rain water in industrial buildings.

Water consumption in Construction

One of the inherent features of the construction sector is the high consumption of raw materials, among which is water. The consumption is intrinsic to the activity itself, most significantly in civil works.

In 2011 consumption amounted to 3,299,384 cubic metres, which compared to the previous year’s 6,035,294 cubic metres, represents a drop of almost 45% in absolute terms, due mainly to a reduction in activity.

This consumption, which is necessary, is addressed in a responsible manner. Therefore, at FCC Construcción works the concepts “saving”, “better use”, “reuse” are take into account, and only the water that is strictly necessary is consumed. For the relative reduction of water consumption per unit, the building sites reuse the process residual waters as much as possible for the next activity, after the corresponding suitability study is performed, also to wash the lorries, the cooling of the tunnel boring head, etc.

3.1.2.2. Water management

Aqualia, a subsidiary of FCC Group, specialises in integrated water cycle management. Its experience in this area helps improve efficiency in the management of water resources in the other Group companies and controls all the phases in the water cycle, right down to the finest detail, pursuing the optimization of resources that promote Sustainable Development.

The integrated water cycle starts from the capturing, purification and treatment of the water collected from the natural environment, to its distribution and collection of used water for its subsequent purification and return to the environment where it was obtained from under optimum conditions that do not harm the environment. aqualia offers all the solutions possible for the management of the integrated water cycle whatever its use may be: domestic, agricultural and industrial, serving a population of over 27,000,000 people worldwide. Its areas of activity are divided into three different lines:

- **Integrated water management**, among the most outstanding projects are the public water services, the control of the water

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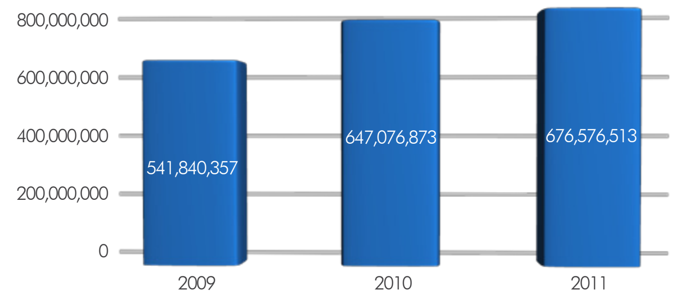
quality via aqualia Lab; the management of municipal aquatic sports centres, maintenance and operation of watering infrastructures, and management of hydraulic infrastructure concessions.

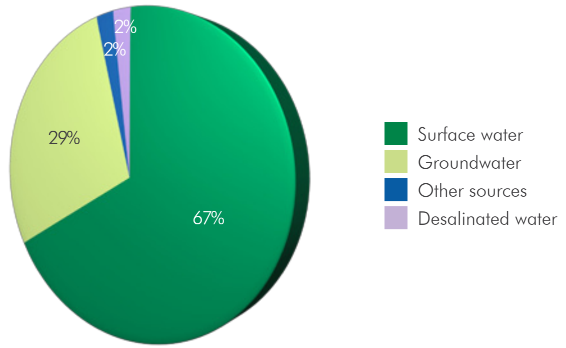
- **Design and construction of hydraulic infrastructures**, specialising in the design and construction of drinking water treatment, urban waste water treatment, reuse and desalination facilities.
- **Comprehensive services for the industry**, as solutions for process water, purifying industrial wastewater effluents, or compact waste water treatment plants for small populations, compact drinking water treatment and reuse equipment: sand filters and membranes, sludge treatment equipment, equipment for wastewater treatment: aeration, degreasing, flotation.

The total volume of captured water for management in Spain, Eastern Europe and Africa in 2011 was 676,576,513 cubic metres.

Volume of water captured for management



Sources of managed water according to where it was captured



For more information on the activities and management of this company, visit the company website at: www.aqualia.es .

AQUALIA, GUARANTEES THE SUSTAINABILITY OF WATER RESOURCES

One of the daily activities undertaken by aqualia is the detection and repair of leaks. aqualia understands that the preservation of the most precious resource should be among the highest priorities of this company which offers all the solutions for the needs of private companies, entities and local and public bodies, in all phases of the integrated water cycle and for all uses: either for human consumption or for use in agriculture or industry.

Depending on the characteristics of the piping, their review is carried out either weekly or daily. The preventative campaigns that the company carries out in order to detect the sounds produced by the leaks, together with the periodic evaluation of the valves and intelligent devices that control the pressure and adjust to the needs of the user, allow greater control of leaks with the consequential reduction of water losses in the network.

With regard to the maintenance and operation of infrastructures for watering, aqualia applies the latest technological innovations to optimise the use of the resources in the area and thus facilitates the efficient use of the water. This focus on innovative solutions and sustainable development within the context of modernising the irrigation process, had led to the generation of SISGRE, an integrated management system that provides optimal control of all the assets in each Irrigation Community.

SISGRE makes it possible to consult intelligent mapping (aerial photos and satellite images) as well as providing access to simulations, historical analysis, thematic maps and the display of infrastructures, among other applications. The ultimate goal is to improve the performance of a given area in the region and make efficient water use possible.

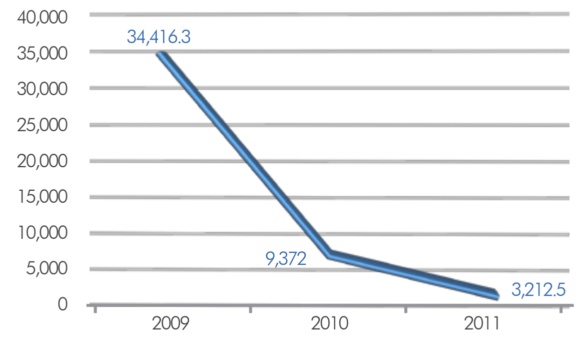
3.1.3. Atmospheric emissions

The Group's main emissions, in addition to carbon dioxide emissions (CO_2), are nitrogen oxides (NOx), sulphur dioxide (SO_2), CFC and solid particles. NOx emissions are produced primarily in the Cement Division; SO_2 emissions are mainly produced in the Services Division, and the particles in the Infrastructure Division.

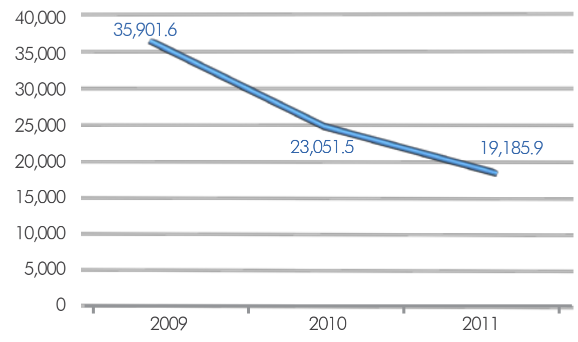
The company has initiatives to reduce emissions associated with combustion, which directly lead to the reduction in particle emissions, NOx and SO_2. Additionally, each business area has its own initiatives to reduce these emissions.

This way, the Cement Division works actively to reduce its NOx emissions by means of injected ammoniated water. For its part, the Construction Division prevents its emissions by means of an exhaustive control of its machinery and the use of the best technology available.

SO_2 (t) emissions



NO_x (t) emissions



The figure is different to that published in 2010 due to an error detected after the Corporate Social Responsibility report was finalised.

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All facilities with sources of atmospheric emissions that have Integrated Environmental Authorisations have established emissions' limitations. In general, they all have gas scrubbers or sleeve filters, depending on the characteristics of the process generating the emissions.

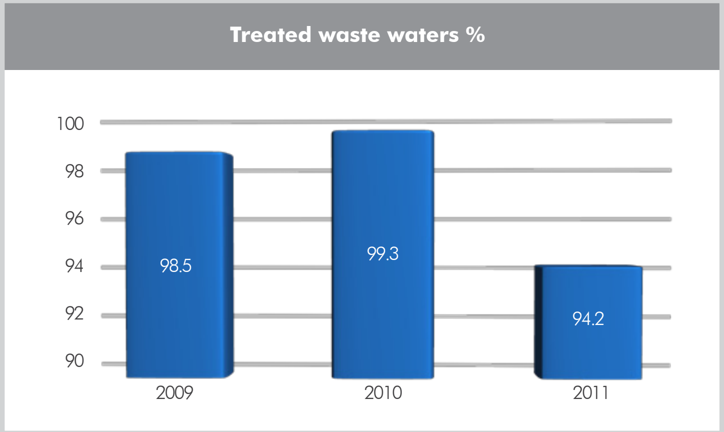
Moreover, FCC Group facilities emitted 33,637 tonnes of substances into the atmosphere that are harmful to the ozone layer, and a total of 2,956,737.2 tonnes of particles.

3.1.4. Control of discharges and the prevention of spillages

The majority of waste water discharges are treated beforehand at treatment plants. FCC Group also manages and treats other waste discharges that do not come from its own activity; these are controlled in accordance with parameters that follow the requirements authorised by the river basin authorities or other agencies.

FCC Group companies carry out numerous initiatives for the purpose of preventing, reducing and controlling possible spillages of chemical products, oils and fuels, or any other potentially harmful substances.

The environmental management systems of the Group include numerous preventative measures. However, during 2011 FCC Group, in its Construction Division, recorded 84 accidental discharges, manly of hydrocarbons, oils and cleaning water from gutters and tanks. The amount of spillages was reduced. For its part, in Cementos Portland Valderrivas and in the Waste Recycling Group only one and two accidents were recorded respectively. This information allows us to appreciate the robustness and capillarity of environmental management systems and allows data to be collected on the company to this regard. In all cases the necessary corrective measures were taken to minimize the impact on the environment. The total volume of the Groups discharges amounted to approximate 4,7 million m³.



3.1.5. Working towards optimum waste management

3.1.5.1. Generation of wastes

FCC Group, once waste has been generated, seeks to find the best option for its management, preferring to reuse, recycle or recover waste rather than disposing of it in landfill sites. In 2011, 23.77% of waste managed was sent for composting, recycling or recovery. The amount of waste produced in 2011 amounted to 4,830,697 tonnes, of which only 6% was hazardous.

Each line of business has its own waste management plans, with the common approach being to minimize its generation. Proper segregation of waste at source greatly facilitates subsequent recovery or disposal, which is the first essential step to achieving more efficient waste management.

▸▸▸ The variation in the percentage of wastewaters treated with regard to previous years is due to a change in the data collection criterion

Waste generation in the Cement Division

One of the most relevant points in the Environmental Policy of Cementos Portland Valderrivas is the reduction in the generation of waste and improvement in waste management as far as its elimination is concerned. To do so, at each workplace selective collection of wastes generated is carried out according to the legislation in force. In any event, the criteria of minimising the production of waste prevails and the best option is sought whenever possible: recycling, reuse and/or recovery as opposed to elimination or deposit in the landfill

The amount of waste generated by cement activity in Spain amounted to 25,278 tonnes in 2011, of which 3.3% was hazardous waste. With regard to the treatment of wastes generated, 30% of hazardous waste and 70.2% of non-hazardous wastes managed externally went to recycling or recovery operations.

Waste generation in the Services Division

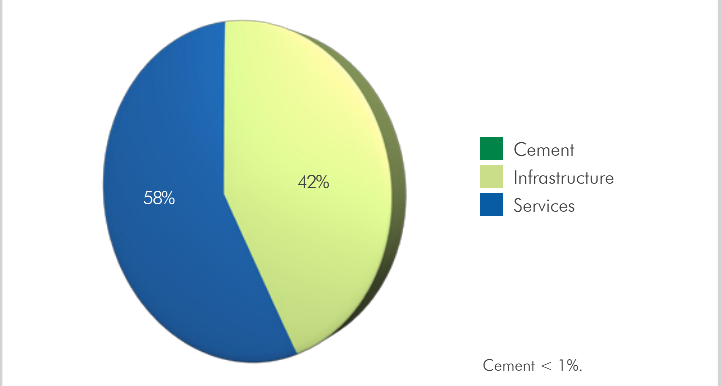
The total amount of waste generated in services activities, amounted to 2,798,737 tonnes in 2011, which represents more than 96% of waste generated by the FCC Group in said year. Of this amount, 476,665 million tonnes (17% of the Services figure) was produced by aqualia as a consequence of the increase in the waste water treatment capacity due to the management of new treatment facilities in 2011.

The integrated water cycle management inevitably involves the production of waste, from the construction of facilities to the treatment of waste water. aqualia is constantly innovating in order to find ways and means to reduce this waste to a minimum. In this sense its activity in RDI supports this line of work by implementing new technologies that enable:

- The reuse and recover of sludge produced in wastewater treatment processes of the WWTP. The sludge, after passing through a drying and composting process, can be reused for agricultural purposes.
- The generation of biogas from organic waste water digested by bacteria in the digester. This allows it to be used as a fuel for boilers that feed the digester as well as for electrical energy.

Waste generation in the Construction Division

Origin of generated waste



All the building sites of FCC Construcción adopt the necessary measures to reduce the generation of waste and to guarantee its classification at the site itself and its subsequent selective removal. For all waste generated, and especially in the case of hazardous waste, health and safety conditions are met with regard to storage prior to delivery, thus avoiding contamination of the area due to any discharges or leaks that may occur. The inert waste generated at the site itself and at other nearby works can be treated and utilized, thus reducing consumption of natural resources and the saturation of landfills. In 2011, the total waste generated amounted to 2,007,512 tonnes, of which only 0.03% was hazardous waste.

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3.1.5.2. Waste management

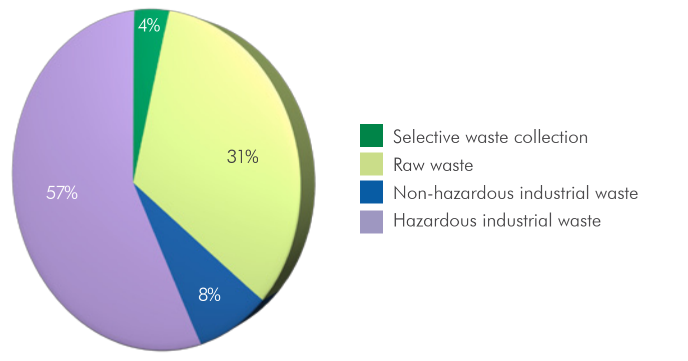
FCC Group has a line of action which specialises in the comprehensive waste management of all types: industrial, municipal, hazardous, non-hazardous, recyclable, banal, and others. To this respect, FCC Group has specific companies involved in waste management such as FCC Medio Ambiente, WRG, ASA, FCC Ámbito y Proactiva Medio Ambiente (50% owned). Its geographic scope includes areas such as Central Europe, UK, U.S., Latin America, Portugal and Spain.

Throughout 2011, FCC Group has collected more than 24 million tonnes of different types of waste, the majority being from raw waste coming from urban collections.

Waste collected, Selective waste collection, Raw waste, Non-hazardous industrial waste, Hazardous industrial waste

With regard to waste treatment, FCC Group has facilities for the treatment of all types of waste. In 2011, more than 500,000 tonnes of hazardous waste and more than 15 million tonnes of non-hazardous waste were received at its waste management facilities. In this sense, the company carries out recovery processes, elimination in controlled landfill, deposits in slag tips and stabilization. Regarding hazardous waste, 70% of waste is managed by being transferred to an end manager. Meanwhile, 75% of non-hazardous waste is disposed of in landfill sites, and almost 18% of this is recovered using heat, chemical or biological treatment or in construction and demolition plants.

Waste collected



ECOLOGICAL ALTERNATIVE FUEL DERIVED FROM WASTE IN CASTELLBISBAL (BARCELONA)

FCC Ámbito takes the next step in solving the environmental problem of waste generation by implementing the Group's first plant for the production of an ecological alternative fuel, derived from non-hazardous waste of industrial origin (WDF). This fuel is suitable for cement plants or the like, given its high calorific value, low percentage of chlorine content and moisture and easy handling.

This modern WDF plant, located in Castellbisbal (Barcelona), has a treatment capacity of 45,000 tonnes / year, with an estimated production of 30,000 tonnes / year of WDF fuel, it is at the forefront of such facilities in Spain.

The waste used for manufacturing of WDF comes from material recovery facilities in which all recoverable fractions have been removed beforehand (paper, cardboard, plastics, metals, etc.). After the recovery of materials, the fraction suitable for energy recovery as a WDF is selected and more than 60% of the waste destined for landfill is reduced.

The use of WDF enables the replacement of conventional fuels, such as the petroleum coke type that is currently used in cement, at a rate of around 30-40%.

With the outstanding cost savings generated by the use of this fuel compared to traditional fuel, there is room to add environmental benefits including: the significant decrease in the tonnage of CO_2 emitted by cement (one tonne of WDF can offset the emission of more than one tonne of CO_2) and the increased life span of the landfill due to the fact that only unusable waste is sent.

3.2. Biodiversity protection

The company develops an assessment of the environmental aspects of its activity before embarking on its projects, which allows the evaluation of different alternatives, minimizing its impact on the environment and finally carrying out the activity in the most environmentally friendly way.

FCC Group's activities are associated with a certain environmental impact which is sometimes inevitable. The main effects on the environment take place in the Cement and Construction divisions. To mitigate the average effect on these divisions, the Group is developing comprehensive management approaches for the restoration of affected spaces and it is encouraging biodiversity. The estimated surface area of protected zones or areas of high value for biodiversity, contained within, or adjacent to, the activity of FCC's business areas is almost 170,000 hectares.

Cementos Portland Valderrivas engages in natural resource extraction in quarries and gravel pits. Some are in, or close to, protected areas or areas of high value for biodiversity. The main impact of these activities is the alteration to habitats and ecosystems due to the use of the space and the extraction by blasting or ripping, shredding and transportation. In order to attenuate this, the company is implementing restoration plans that allow these areas to be rehabilitated or restored, as far as possible, to the original state of the exploited areas. This practice is carried out both in the limestone quarries, from which material is removed to produce cement, and in the aggregate quarries and gravel pits of the Group. In this regard, in the development of their projects, FCC Group carries out actions to protect and improve the natural environment of these spaces, in addition to promoting the conservation of ecosystems and their biodiversity.

The total area affected by the quarries and gravel pits exploited by Cementos Portland in Spain, from the start of its activity until 2011, is 18,395,947 m^2. Of this surface area, 8,049,655 m^2 is completely restored (taken as its final phase of restoration) and 10,346,291 m^2 is either already restored or will be restored in the future. FCC Construcción carried out the decontamination of soil, on a surface of 326 m^2. Moreover, Waste Recycling Group has facilities covering an area of over 1,200,000 m^2 near protected natural areas or places of high biodiversity.

FCC Construcción has an internal guide called "Basic Guide for actions in protected natural areas," which provides guidance for implementing good practices related to minimizing the effect on the biodiversity diversity, in order to protect animal and plant species that could be affected. In this regard, 75% of FCC Construccion's building works protect the specimens that are affected by the construction itself or by the construction machinery and vehicles traffic, this percentage increases to 82% in the case of civil works.

This allows FCC Construcción to define indicators and to monitor the degree of compliance of each of them within the ten groups identified as having environmental impacts. Please contact us if more information is required.

▸▸▸ For more information and further details on the quantitative data on these activities please visit the FCC Construcción website: http://www.fccco.es/

CSR

THE RECOVERY OF FCC'S ENVIRONMENTAL RESOURCES

FCC Ámbito has been decontaminating soil for over 20 years, and is currently a leader in the industry. Since the very beginning the company has focused on the recovery and reuse of two key resources, soil and water (mainly groundwater), when they are contaminated as a result of industrial activity.
2011 saw the launch of two major projects: the project for the elimination of chemical pollution of the Flix reservoir (Tarragona) and the removal of contaminated sludge from the Wastewater Treatment Plant of Consorcio I.A.S in Sicily (Italy).

The decontamination of the Flix reservoir is carried out by means of a joint venture with FCC Construcción and is aimed at the extraction and processing of over 900,000 m^3 of waste and contaminated sediments (PCB, DDT, chlorinated solvents, metals), generated by the chemical industry in the area.

The project involves the environmental dredging of 960,000m^3 of sediment, its delivery to a grain separation plant, its subsequent dehydration treatment by thermal desorption of approximately 90,000 tonnes of chemical oxidation and/or the stabilization of 75,000 tonnes, and the subsequent storage in a Secure Warehouse of all extracted and treated material.

Furthermore, in 2011, over 30 initiatives involving the recovery of groundwater were carried out, most of them by treatment in situ using mobile plants. The total amount of in situ treatment of contaminated soil was more than 260,000m^3, without prior excavation and the recovery of about 20,000m^3 of groundwater. As a result of these works more than 31,000 Kg of pure contaminant was removed from the subsurface.

FCC Ámbito, through its subsidiary Ecodeal, participated in the recovery of around 80,000 tonnes of waste from the environmental liabilities initiative of former industrial areas of Portugal and, through its subsidiary FCC Environmental it has continued to treat waste, mainly contaminated water, which was generated as a result of the oil spill in the Gulf of Mexico.

CONNECTING CITIZENS

FCC Group seeks to maximize the positive impact of its activities in the communities where it operates, through the generation of the highest added social value.

To this end, the company involves citizens in implementing solutions for the development of sustainable cities. It therefore involves the development of elements of "active sustainability" in which citizens are the main source for improving sustainable and responsible habits and behaviour.

The strategy that guides FCC Group's social commitment and its businesses is also focused on encouraging employee participation in company projects, from the conviction that the involvement of FCC Group employees in its social commitment is essential to its success. Thus, people in the group are able to collaborate in creating a more sustainable, equitable and diverse city.

2011 HIGHLIGHTS

- Construction of a school in Haiti in collaboration with Fundación PLAN ESpaña.
- More than 3500 children took part in the environmental education project "The future of the earth lies in the classroom".
- Education cooperation agreements.
- Social emergency agreements with Caritas España and Fundación PLAN ESpaña.
- Agreement with Fundación PLAN ESpaña.to develop the programme entitled "I don't have a vote but I have a voice".
- Selection of "FCC Volunteers, Carriers of Joy" as a finalist in the fifteenth edition of the CODESPA awards for its project with the Esther Koplowitz Foundation.
- Consolidation, in collaboration with the Esther Koplowitz Fundación, of the programme entitled "Fridays' Residence, Our House", which has

involved over 80 well-known people from the social, business, scientific and academic worlds in Spain who have given up their time and provided their knowledge to elderly people in need.
- Inclusion of the FCC Group's Volunteer Programme, in collaboration with the Esther Koplowitz Foundation, in the catalogue of best practices in volunteering of the Sustainability Excellence Club.
- The launch of the volunteers' website.
- The launch of the new FCC company website and other digital channels.
- The conclusion of the fourth round of dialogue with interest groups involving Cementos Portland Valderrivas.
- Participation in industry associations and CSR forums

ACTION PROGRAMMES	2014 OBJECTIVES
- Continuous learning - sustainable radar. - Connecting with citizens - active sustainability. - Corporate Volunteering - Pursue the maximization of sustainable value - positive impact action.	- Conduct consultation groups with prescribers in strategic markets - Develop pilot projects both nationally and internationally, in order to promote sustainable habits - Quantify the dedication of the FCC employees in local commitment programs. Strengthen corporate volunteering in collaboration with the Esther Koplowitz Foundation - All public tenders have metrics regarding the impact of our services

1. FCC GROUP'S SOCIAL COMMITMENT

Because the Group feel it is part of the communities where it operates, FCC Group undertakes a diverse range of social commitments, since each line of business has its own approach in this area, developing activities related to its business strategy, with the common aim of generating a positive impact of company activities.

At FCC Group we have designed our social commitment strategy in harmony with our corporate strategy

1.1. FCC Group and its social commitment

As it is present in thousands of urban communities, in over 50 countries, FCC Group develops strong social commitment in these communities. In 2011 the total investment earmarked for social projects, focused on education, helping people with special needs, conserving heritage and disseminating art and culture, amounted to 6.18 million euros.

As a Group it has signed collaboration agreements with well-known Third Sector entities such as Cáritas España and Fundación Plan España, in order to address situations of social urgency as a matter of priority as well as primary care projects that these non-profit making organisations undertake.

In 2011 the Cement Division of FCC contributed more than 1 million Euros to different social projects, to which its collaboration with Third Sector entities such as Intermon Oxfam can also be added.

For its part, the sustainable initiatives implemented by FCC Medio Ambiente to protect the environment and encourage the efficient use of resources, as well as other social contributions, represented an amount of around 2.7 million Euros.

At Proactiva, the Green Schools Project can be highlighted, developed in Buenos Aires, which encourages the schools in that city to adopt an eco-efficient culture, developing activities that involve the separation of waste, as well as the saving of water and energy.

Additionally, in 1997, Waste Recycling Group established WREN, a non-profit organisation whose objective is to benefit as many people as possible, especially those living near landfill sites managed by WRG.

The investment philosophy of this British organisation is to collaborate with local communities by means of citizen participation and in choosing projects that have a high impact on their environment. In 2011 it donated 16.5 million euros to social projects.

For further information please visit the website: www.wren.org.uk

CSR CONNECTING CITIZENS

1.2. Education, the central theme of the Group's social commitment

Education is one of the key factors for economic development and social progress of communities. For FCC, cooperation in the field of education constitutes one of the basic lines of action of the activities of its social commitment.

The knowledge and experience of its employees are the main assets of the projects developed by the company within the scope of education. They cover university, secondary and primary education.

COLLABORATION WITH EDUCATIONAL CENTRES: COMMITTED TO TEACHING

Each line of business develops activities with educational centres by means of collaboration agreements. The following are worth mentioning:

- The Environment Division of the Group spent 2.7 million Euros on initiatives to protect the natural environment and to promote the efficient use of resources. Moreover the Green Schools Project can also be highlighted. Developed in Buenos Aires, it encourages the culture of eco-efficiency in schools. It involves the separation of waste and the saving of drinking water and energy.
- Cementos Portland Valderrivas participated in educational events at the University of Navarra, the Valdeolea State Junior School (Cantabria), and the Albero de Alcalá de Guadaíra State Secondary School. It also took part in the first edition of the FCC Environmental Classroom at the Sagrados Corazones School.
- FCC Construcción upholds agreements with several universities, study centres, post-graduate and technological centres, offering scholarships to their students and supporting different lines of research. As an example, it has been collaborating for over 20 years with the School of Civil Engineers at the Madrid Polytechnic University offering training courses for last year students at this University and it sponsors the FCC Construcción Awards, that are given to the three best students each year.
- aqualia has signed agreements with universities and business schools and has participated in specific courses and other technical seminars. The participation of aqualia executives in the Second Edition of Senior Management Development Programme (SMDP) can be highlighted, which was developed in collaboration with the University of Nebrija, which aims to provide social and business skills, as well as offering internal cohesion for aqualia executives.
- Cemusa takes part in the TEC-MUSA Project (Technologies for sustainable and accessible urban mobility) for which a range of technologies to be incorporated into passenger and cargo vehicles has been developed, with low or zero emissions and advanced accessibility and customer-communication features.
- Also noteworthy are some of the projects within the scope of education carried out by Waste Recycling Group. The company designed a training programme for children and young people in which participants are made aware of the important role played by citizens in the recycling chain. Furthermore, the training programme included complete information about waste recycling processes.

Additionally, FCC Group has signed a collaboration agreement with Plan España for the joint development of the education project "I can't vote, but I've got a voice", in which it intends to cooperate with said entity in order to achieve a fairer, more pluralistic and equal society. The agreement lasts until 2014 and provides for the training of more than 700 children in seven Spanish cities.

THE FUTURE OF THE EARTH LIES IN THE CLASSROOM

During 2011 FCC Group launched the second edition of its environmental classes under the slogan "The future of the earth lies in the classroom".

The aim of the initiative is to educate children from an early age on the impact that our daily activities have on the environment and to develop attitudes, behaviours and habits that are environmentally friendly.

The FCC Group wants to demonstrate its close involvement with the society it serves. In this first phase of the project it has collaborated with the Sagrados Corazones School in Madrid, a city in which the company has been developing different activities for decades. This year, the FCC Environmental Class has been driven by the incorporation into the project of three new prestigious centres of the Community of Madrid; these include the Orvalle, Mater Salvatoris and El Parque Schools, which join the project together with the Sagrados Corazones School, which was able to enjoy this Environmental Class last year too.

In 2011 around two thousand students attended the environmental classes. By means of these sessions taught by professionals from FCC in the field of sustainability and the business divisions, the children have become aware of the environmental impacts that their everyday activities generate, as well as becoming aware of the consequences of climate change and they have received information about how their daily activities can contribute to improving their environment and natural surroundings.

The environmental model is supported by dynamic and very visual presentations, games and activities, and finishes off with a guided tour of one of the facilities managed by FCC Group, either a waste treatment centre or a wastewater treatment plant.

The content is prepared and taught by personnel who are experts in these matters that come from business divisions of the Group, such as Construcción, Cementos Portland Valderrivas, Aqualia and FCC Ámbito.

AQUALIA PROMOTES THE RATIONAL USE OF WATER AMONG THE YOUNGEST MEMBERS OF OUR COMMUNITY

Again, following the success achieved in the previous eight years, and to commemorate World Water Day 2011, aqualia organised the ninth annual International Children's Painting Competition, which on this occasion considered what a luxury it is to have quantity and quality, of something as precious as water and the role of aqualia in providing water to homes and to return it to the natural environment in optimum conditions. To do this, we have chosen the slogan "Water, the transparent luxury. Give it some colour".

The painting competition, aimed at all children who are studying primary years 3 and 4 in municipalities where aqualia provides its services in Spain, Italy and Portugal, draws attention to aspects related to both the nature of the resource itself and its management.

THE FCC CARRIAGE MUSEUM, A LEARNING SPACE

The city of Barcelona is home to a magnificent collection of wagons, carriages and old wheeled machinery, which offers the visitor a unique opportunity in Spain to get to know the history of carriages in this country as well as the evolution of the machinery that made it possible to provide the first city services in the twentieth century.

This collection, of high economic value and the only one of its kind in Spain, includes nearly 50 carriages and wagons of different styles and periods, and more than 500 saddlery objects, which all belong to the Piera collection, entrepreneurs from the quarries of Montjuic and the founders of Fomento de Obras y Construcciones (FOCSA), the origin of FCC and now owned by the Group.

The collection also includes wheeled machinery that was involved in providing services to the city and that date back to the beginning of the last century and which enabled the development of the city of Barcelona.

This museum, located in Josep Pallach Street, in Barcelona, allows the visitor, and especially school children, to get close to the artefacts, as they take a tour through the history of the carriage in Spain and the services that carriages have provided to Spanish citizens.

FCC preserves this rich historic and artistic heritage as part of its social responsibility.

1.3. FCC Group's projects and the evaluation of their social impact

FCC Group is aware of its social impact: its activities are a source of wealth and employment, and the infrastructures and the services that it provides are a driving force for progress for society.

However, the Group's activities may have negative impacts on the communities in which they are developed. Operations that have the

CSR CONNECTING CITIZENS

highest risk of impact on local communities are operations involving the extraction of materials, carried out by the Cement Division, and the activities of the divisions involved in waste management. Before the start of the projects, FCC Group conducts the appropriate environmental impact study, choosing the most environmentally friendly option from the choices available. Furthermore, some companies of the Group implement processes of dialogue with local communities in order to get their opinion and adapt to their needs and requirements.

With regard to social projects, FCC Group ensures its commitment to transparency and participation in all social projects developed by its lines of business, and does not simply carry out the role of a mere donor. Thus the Group employs control measures and periodic reviews of its projects in order to measure the scope of, and value generated from, projects that contribute to social development of communities where it operates.

For more information on FCC Group's social commitments please visit our company website: http://www.fcc.es/fccweb/responsabilidad-corporativa/ciudadania-corporativa/accion-social/index.html

2. CORPORATE VOLUNTEERING

The "FCC Volunteers" programme includes the participation of its own employees, which help the Esther Koplowitz Foundation's social projects; a reference in Spain in providing assistance to society's most needy.

The programme is an opportunity to publicise and promote, among the other workers, the benefits of participating in corporate citizen projects, supporting the company's mission to create value for society and to contribute to the welfare of people.

FCC Group's Corporate volunteering plan

- Facilitates voluntary access to social action projects for as many employees as possible
- Promotes CSR within the company, its significance, its implications and its benefits
- Encourages a sense of belonging within the company

Since FCC Group initiated this programme in 2008, it has contributed year after year with various social initiatives within the scope of cooperation with the aforementioned Foundation, noting especially the homes created for the elderly or mentally handicapped. The volunteering projects are carried out in the field of cooperation and environmental education as well as helping in humanitarian emergencies. This collaboration is highlighted in three cities:

- "Nuestra Casa" Old people's residential home, Collado Villalba, Madrid.
- "Nostra Casa" Old people's residential home, Fort Pieç, Barcelona.
- Residential home for the physically and mentally handicapped in La Nostra Casa, Valencia.

In 2011, 447 people were helped by "FCC Volunteers", which involved the participation of 110 company employees.

Among the series of conferences, the most outstanding due to its originality is the one titled "Fridays at the Home", which is held in the residential homes of Madrid and Barcelona. These conferences consist of a platform for thought and discussion among the guests and residents. The speaker chooses a topic that transmits and shares their professional expertise with the attendees. After the conference there is an open floor to ask questions and generate discussion between the guests and residents. So far there have been over 80 speakers from the fields of medicine and research, university, culture, politics, business, etc.

This corporate volunteer programme has been selected by the Club of Excellence in Sustainability within its catalogue of good business practices and corporate responsibility.

Likewise, in the fifteenth edition of the CODESPA awards, the FCC Volunteers' programme. "Carriers of Joy", was selected as a finalist. These awards recognise the companies, SMEs and groups of employees, who have stood out the most for their commitment to developing countries.

The company has launched an internet page dedicated to volunteering, which can be found on the Group's website, and which promotes the activities of the programme. This online platform fosters a climate of association and of leisure activities among the volunteers.

WRG AND THE REUSE CENTRE AT HARPINGTON (UNITED KINGDOM)

The British subsidiary of FCC Waste Recycling Group, in collaboration with Hertfordshire County Council and the Sue Ryder NGO, is working on a project for social and environmental innovation that the recycling centre in Harpington (UK) represents.

This collaboration permits the design of new ways to recycle urban wastes that prevent them from being sent to the landfill, promoting by means of donations from volunteers their reuse in the field of social charity. For further information on this project, please visit http://www.wrg.co.uk/

The strategy that guides FCC Group's social commitments places emphasis on encouraging employee participation in company projects.

▸▸▸ For more information on FCC Group's social commitment please visit the company website: http://www.fcc.es/fccweb/responsabilidad-corporativa/ciudadania-corporativa/accion-social/index.html

3. Dialogue and Participation

FCC Group maintains a strategy of dialogue and cooperation with interest groups of the company, by means of developing communication platforms which enable a closer relationship with them.

FCC actively takes part in various initiatives that improve the visibility and awareness of interest groups regarding the Group's activities and results.

3.1. Communication with interest groups

The strategy of dialogue with stakeholders is promoted from all lines of business within the organization. Consultations with interest groups allow FCC Group to identify their main concerns regarding the company. In general, these consist of the following: aspects related to communication with the environment, internal communications, restoration of quarries, local community involvement, local employment, professional development, climate change, alternative fuels, health and safety, supply chain, social action, welfare and equality, management of RDI, integration of disabled citizens and environmental investments.

In a citizen services company such as the FCC Group, communication with stakeholders should be on-going, in order to detect and meet the needs of the societies in which we operate.

The Group also uses various communication channels that allow projects and initiatives to be proposed, as well as active listening and response to the demands made by stakeholders that are inherent in each activity. The most prominent example is the corporate website, which has established itself as the channel used by FCC Group to disseminate information to its stakeholders. It reflects the Group's most remarkable performances and actions. In 2011 the website received a total of 184,841 visits and the new website was launched.

Along with the website, the Group's divisions maintain continuous dialogue with stakeholders throughout the course of the year, by means of consultation sessions, e-mails, newsletters and magazines, trade publications, and end-of-project surveys, among others.

Also worth noting is that the FCC Construcción website (www.fccco.es) recorded 124,963 visits during 2011, while its intranet received a total of 4,776 different users and 3,448,996 pages visited.

The work performed by aqualia in this regard is important, each year the Company organises fora with stakeholders and Cementos Portland Valderrivas, that include their opinions on decision making by means of the Bitácora Project. This project consists of meetings and dialogue sessions with employees on the one hand, and representatives of civil society on the other, in which they express their interests and demands. After each dialogue session a report is produced that is delivered to the Management Committee.

The project, in its fifth year, has achieved a participation rate of over 600 representatives of interest groups in eleven different locations. Within the framework of the Bitacora Project, the following 2011 achievements are worthy of mention:

- The confirmation of the improvement of both the employee confidence level indicators over the last three years as well as the evaluations carried out by employees on the initiatives undertaken by the company.
- The high confidence levels achieved in 2010 have been maintained by social representatives and their evaluation has gone done slightly with regard to the initiatives implemented by the company in response to their expectations.
- For the first time, a dialogue session was held with financial analysts and another with clients in the Northern Area, with a commitment to continue to hold them on a regular basis in the future. For further information please visit (www.valderrivas.es).

Furthermore WRG encourages the formation of a liaison committee for communication with the community for each major operating location; this includes representatives of the local community, and deals with operational issues on a regular basis. Similarly, for large projects, before applying for building permits, the site locations are confirmed with the local community.

3.1.1. Shareholders and investors

In 2011, the Stock Market and Investor Relations department organised 210 meetings. The company carried out several Roadshows, both nationally (Barcelona) and internationally (London, Paris, Amsterdam, Rotterdam, Brussels and Andorra), plus five reverse Roadshows."

What is more, on the company website there is an exclusive section for shareholders and investors with relevant information about the economic performance of the company, investor's agenda to communicate important events, and a specific communication channel for investors.

3.1.2. Employees

The main tool of communication with employees is the corporate intranet, FCCnet, although some lines of business have their own intranet. In addition, employees have the Employee Portal, with specific content for employees, and which has established itself as an effective communication tool. The Group's intranet averaged 8,397 visitors per day in 2011. The company also regularly convenes employees to inform them in-person on various matters, and uses the Ethics Channel, another internal tool of communication between employees and the company.

In 2010, the Group launched its online magazine "communication network", receiving more than 20,000 visits, it is currently available in twelve languages, and has reinforced communication to employees who do not have online access by posting it on the information boards at their work centres, with a global distribution of more than 2,000 posters in Spanish, these include the most significant headlines that appear in the "Communication network". This tool has continued to allow fluid communication with employees with a monthly average of 32,618 visits during 2011.

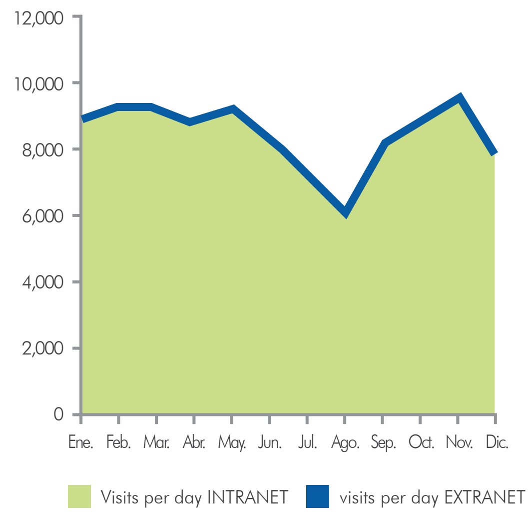
3.1.3. Suppliers and contractors

The behaviour of suppliers and contractors is vital to ensure compliance with the commitments made by FCC Group. To this end the company seeks to align their behaviour with corporate objectives. The training initiatives and awareness campaigns given to suppliers and subcontractors seek, among other things, to convey the importance of compliance with FCC Group's policies and standards.

3.1.4. Public administrations and regulators

Group companies frequently participate in self-regulation initiatives of the sector as well as in the development of new legislation relating to the company's area of activity. All FCC Group's business

FCCnet 2011 statistics by content areas



areas have implemented voluntary measures to maintain the highest standards of production and service in the different areas of activity.

3.1.5. Clients

FCC Group's direct clients are government, private institutions and individuals. The objective of the Group is to rigorously comply with its contracts, maintaining high standards of quality, while bearing in mind end-user satisfaction regarding the projects performed: the citizen.

Each Group company has quality management systems in place in accordance with the UNE EN ISO 9001 standard, the most renowned in its field. Each line of business has its own action plans with a view to increasing the percentage of certified activities under this Standard. In 2011, 84.5% of the total activities of FCC Group were certified in accordance with ISO 9001.

3.1.5.1. Communication with clients

The Group's activities have well established systems for quality management, which guarantee the quality of products and services. In order to achieve ever greater levels of reliability and quality, FCC Group is in constant contact with clients through various channels in order to analyse the relevant information and act accordingly. In general, all business areas use technical seminars, meetings and specific information on the internet, as well as other traditional communication channels such as regular visits.

Each company has its own means of communication with clients, because each client has its own characteristics. For example, FCC Construcción has a client interlocutor responsible for raising points of collaboration and addressing any suggestions received, as well as discussing the information gathered in meetings with customers, and will subsequently provide information on the actions taken as a result of their suggestions and contributions.

For its part, Proactiva Medio Ambiente has customer services offices in every country in which it performs the commercial management of water (Mexico, Colombia, Ecuador and Peru), including call centres that respond to service requests by phone, online contact through web pages and email, as well as the usual channels where the company records complaints and suggestions from its users. In addition, mobile units have been made available in Ecuador to meet the needs of suburban areas as well as nearby commercial services programmes, such as the initiative entitled "Proactive in your neighbourhood" developed in Colombia.

Finally it is important to mention that in 2011 aqualia launched a campaign focused on contact channels in which two million leaflets were distributed to the end client. Furthermore posters were produced for all the company's customer services offices as well as for advertisements in the press.

3.1.5.2. Customer satisfaction

In order to obtain the views of customers regarding the services and improvements that customers consider necessary, the Group carries out satisfaction surveys in different areas of business. The objective of the FCC satisfaction surveys is to become aware of the opinion and degree of satisfaction of customers with regard to projects, as well as to identify the most important areas of improvement for future projects.

Due to the diversity of activities and types of customers of FCC Group, the measurement criteria for satisfaction are decentralized, so that each business has its own measurement methodology, with the common goal of understanding the client's opinion on services provided and in order to develop improvement actions. Depending on the Group's subsidiaries, satisfaction surveys are conducted at least every two years.

3.1.5.3. Life cycle of the products and services

In general the life cycle of each of the products and services that FCC offers will involve the following phases:

- Developing the concept of the product: RDI.
- Certification, manufacturing and production.
- Marketing and promotion.
- Storage, distribution and supply.
- Use and service.
- Elimination, reuse and recycling.

Depending on the type of activity developed, the services are evaluated in order to test possible effects regarding employees' health and safety. However, due to the nature of the products developed, they are not susceptible to causing a significant impact on the health and safety of customers, therefore these project do not undergo these types of evaluations.

By means of FCC's information collection systems, in 2011 no incidents related to breaches of legal regulations or voluntary codes related to the impact of products and services on health and safety have been registered.

3.2.Presence in CSR associations and forums

In 2011, FCC Group continued in its participation and involvement in industry associations and CSR forums such as ASEPAM (Spanish Network for the United Nations Global Compact), Club of Excellence in Sustainability, Forética, CSR Commission of the CEOE (Spanish Confederation of Employers' Organisations), State Council of Social Responsibility of Companies (CERSE), Pro-Clima Forum Madrid, Fundación Carolina.

With regard to communicating its actions and participation in interest groups, the following can be highlighted:

- Internal magazine entitled "Communication Network" and the Communication Room.
- aqualia forums with suppliers, customers and the media.
- Benchmarking days of the Spanish Social and Economic Council (CES) with the FCC Medioambiente electrical vehicle.
- Stakeholder Engagement & Trust tool, in Cementos Portland Valderrivas with its interest groups
- Collaboration of aqualia with Water Alliance, to promote the latest trends and solutions in the world or water, with an angle of solidarity.
- aqualia's participation in the International Benchmarking Programme of the International Water Association.

In addition, each business division is part of its respective sectorial associations in each one of its areas of activity, through which it provides expertise and knowledge.

It should be highlighted that aqualia has become the first private company in Spain within the sector to adhere to the commitments of the Water Alliance, an organization created under the umbrella of the United Nations Millennium Development Goals (MDG), adopted in 2000 by a total of 189 countries. Water Alliance seeks to promote solidarity among water users in Spain and Central America.

FCC AWARDED WITH THE 'COMISIONES OBRERAS' TRADE UNION AWARD FOR ITS COMMITMENT TO SOCIETY

In 2011 FCC received, in the hands of its principle shareholder Esther Koplowitz, the 'Comisiones Obreras' trade union Construction and Wood Foundation award, under the category of 'Commitment to the community' for "creating a solidarity network that focuses its work on groups with special difficulties", as noted by members of the Jury.

The Trade Union's Construction and Wood Foundation valued FCC's work in promoting employee involvement on a voluntary basis in a solidarity network. The president of the Trade Union Foundation and the secretary general of FECOMA (State federation of construction, wood and similar workers), Fernando Serrano, was appointed to present the award to Esther Koplowitz, who showed her gratitude for the award on behalf of all employees of the Citizen Services Group.

In his speech, Serrano highlighted the importance of Koplowitz and her role as "entrepreneur" in transforming FCC into one of the most important companies in Spain. For the most senior figure in the foundation "to speak of companies is to speak of its workers, because when the workers have the proper training and when they are recognised and their efforts are valued, they form the main asset of the company".

CSR PERFORMANCE INDICATORS OF FCC GROUP

INDICATORS

Economic indicators	Units	2011	2010	2009
Net business turnover	**Millions of Euros**	**11,755**	**11,908**	**12,700**
Gross operating profit (Ebitda)	**Millions of Euros**	**1,252**	**1,366**	**1,485**
Net operating profit (Ebit)	**Millions of Euros**	**401**	**778**	**790**
Cash flow operations	**Millions of Euros**	**999.4**	**967.8**	**1,602**
Cash flow investments	**Millions of Euros**	**5.2**	**[507.4]**	**[843.1]**
Project portfolio	**Millions of Euros**	**35,237.6**	**35,309**	**34,548**
Generated economic value	**Thousands of Euros**	**11,978,024**	**12,349,508**	**13,168,696**
Economic value distributed by FCC Group	**Thousands of Euros**	**11,564,606**	**11,646,906**	**12,352,960**
Procurements (suppliers of materials and services)	Thousands of Euros	5,448,490	5,576,595	6,126,122
Other operating expenses	Thousands of Euros	2,137,231	2,105,851	2,174,662
Salary expenses	Thousands of Euros	3,292,672	3,258,153	3,296,522
Corporate income tax	Thousands of Euros	27,154	97,761	115,229
Interest and exchange rates differences	Thousands of Euros	479,688	401,100	405,027
Dividends paid to shareholders	Thousands of Euros	173,191	201,236	228,198
Economic contribution to corporate citizenship	Thousands of Euros	6,180	6,200	7,200
Significant financial assistance received from governments (subsidies)	**Thousands of Euros**	**159,721**	**38,661**	**63,576**
Activity with quality certification	**%**	**87.7**	**86.6**	**83.0**
Purchases from suppliers	**Thousands of Euros**	**881,779**	**2,186,770**	**2,181,971**
Total purchases from local suppliers managed directly	**%**	**93.5**	**68.3**	**64.6**
Ethics and integrity	Units	2011	2010	2009
Communications received through the Code of Ethics channel	**nº**	**14**	**3**	**NA**
Efficiency and technology	Units	2011	2010	2009
Investment in RDI	**Thousands of Euros**	**16,326**	**11,400**	**23,621.8**
Activity with environmental certification	**%**	**79.0**	**74.0**	**72.0**
SO_2 emissions	**kg**	**3,212,497.8**	**9,372,039.8**	**34,416,347.8**
NOx emissions	**kg**	**19,185,920.3**	**23,051,524.0**	**35,901,557.1**
Particulate emissions	**kg**	**2,956,737.2**	**510,893**	**26,798,919.0**
Consumption of materials	**tonnes**	**82,364,173.2**	**124,873,722.7**	**274,510,813.0**
Consumption of raw materials	tonnes	69,119,630.2	NA	NA
Consumption of semi-manufactured products	tonnes	11,982,945.5	NA	NA
Consumption of auxiliary materials	tonnes	1,308,415	NA	NA
Materials of renewable origin	**tonnes**	**10,580,426.5**	**NA**	**NA**

PERFORMANCE INDICATORS OF FCC GROUP CSR

Materials of recycling origin	**tonnes**	**10,615,176.0**	**NA**	**NA**
Certified materials	**tonnes**	**1,963,657.8**	**NA**	**NA**
Eficiencia y tecnología	Units	2011	2010	2009
Water consumption	**m³**	**15,013,567.1**	**18,741,762.9**	**18,982,500.0**
Consumption of recycled water	m³	3,289,728.5	2,253,057.3	2,467,725.0
Consumption pertaining to surface water	m³	2,658,021.2	4,268,260.1	4,935,450.0
Consumption pertaining to groundwater	m³	1,110,799.4	1,030,034.0	1,138,950.0
Consumption pertaining to municipal supply	m³	35,588,446.5	5,610,195.0	7,213,350.0
Consumption pertaining to other sources	m³	2,748,111.5	5,580,216.5	3,227,025.0
Discharged waste water	**m³**	**496,474,024.8**	**2,612,830.4**	**4,540,370.0**
Purified waste water	**%**	**94.2**	**99.3**	**98.5**
Water captured to be managed	**m³**	**676,576,513**	**647,076,873**	**NA**
Percentage of groundwater captured	%	28.7	26.8	NA
Percentage of surface water captured	%	66.7	69.1	NA
Percentage of desalinated water captured	%	1.8	1.2	NA
Percentage of other captured elements	%	2.8	2.9	NA
Total waste generated	**tonnes**	**4,830,697**	**10,277,579**	**23,394,425.0**
Hazardous waste generated	**tonnes**	**277,441.1**	**176,162**	**201,192**
Non-hazardous waste generated	**tonnes**	**4,553,255.9**	**10,101,417**	**23,193,232.9**
Waste managed	**tonnes**	**16,127,144.3**	**17,962,530**	**11,319,578**
Waste collected	**tonnes**	**22,088,405.4**	**22,639,951**	**24,052,358**
Urban waste	tonnes	6,708,431.5	NA	NA
Hazardous industrial waste	tonnes	14,057,484.1	NA	NA
Non-hazardous industrial waste	tonnes	1,322,489.7	NA	NA
Waste admitted in FCC centres	**tonnes**	**15,889,991.7**	**NA**	**NA**
Urban waste	tonnes	261,022.0	NA	NA
Hazardous industrial waste	tonnes	13,807,302.2	NA	NA
Non-hazardous industrial waste	tonnes	1,821,667.4	NA	NA
Treatment given to hazardous waste*	**tonnes**	**509,093**	**1,018,223**	**884,580**
Recovery	%	12.3	4.6	6.2
Stabilisation	%	0.4	13.8	11.1
Transferred to an end manager/other destinations	%	73.8	81.6	82.7
Treatment given to non-hazardous waste*	**tonnes**	**15,618,051.6**	**17,962,530**	**11,319,578**
Recovery	%	17.9	NA	NA
Elimination at controlled landfill	%	76.2	NA	NA
Transferred to an end manager	%	5.9	NA	NA

* The distribution by treatment is an estimated figure taken from the best available information

CSR PERFORMANCE INDICATORS OF FCC GROUP

Energy and climate change	Units	2011	2010	2009
Total GHG emissions	t CO_2eq	11,917,117.5	16,031,632.0	16,260,181.0
Direct GHG emissions	t CO_2eq	11,342,481.1	14,702,036.0	15,422,530.0
Indirect GHG emissions	t CO_2eq	574,636.3	1,329,595.0	837,651,0
Direct consumption of energy	GJ	34,798,033.5	51,316,981	44,484,423
Renewable energy consumed	GJ	2,430,701.7	2,270,967	4,251,929
Non-renewable energy consumed	GJ	32,367,331.7	49,046,014	40,232,494
Indirect consumption of energy	GJ	6,190,451.5	10,780,156.6	7,169,623.2
Electrical energy consumed	GJ	6,176,024.5	10,765,954.8	7,116,928.9
Energy in the form of steam consumed	GJ	14,427	14,168.9	7,645.6
Total energy consumed	GJ	40,988,484.9	62,097,137.6	51,654,046.2
Generation of renewable energy	GJ	2,714,422	918,884	856,142
Wind energy produced	GJ	2,667,344.4	887,065	823,238
Photovoltaic energy produced	GJ	33,470	31,819	32,904
Energy produced from waste (biomass fraction)	GJ	13,607.7	NA	NA
Hydraulic energy produced	GJ	53,005.1	NA	NA
Community	Units	2011	2010	2009
Investment in social action /corporate citizenship	Millions of Euros	6.18	6.20	7.20
People	Units	2011	2010	2009
Total personnel	Nº	90,749	90,013	92,324
Total women	Nº	19,195	19,197	NA
Total men	Nº	71,554	70,816	NA
Percentage of women executives with respect to total executives	%	13.60	32.90	30.97
Number of employees with permanent contract	Nº	32,637	31,807	31,541
Number of employees with a temporary contract	Nº	11,444	10,697	12,515
Number of employees on assignment	Nº	46,668	47,509	48,267
Total voluntary rotation	%	5.42	NA	NA
Total voluntary rotation of men	%	5.69	NA	NA
Total voluntary rotation of women	%	4.40	NA	NA
Number of disabled employees	Nº	1,019	1,042	NA
Number of training hours per employee	Nº	10.21	9.53	6.89
Number workers covered by collective agreements (Spain)	%	100	100	100

PERFORMANCE INDICATORS OF FCC GROUP CSR

People	Units	2011	2010	2009
Number of people off work due to occupational accidents (except in itinere or for cardiovascular reasons). Own personnel.	**Nº**	**5,653**	**6,312**	**6,348**
Work days lost due to occupational accidents or diseases (except in itinere or for cardiovascular reasons). Own personnel.	**Nº**	**130,517**	**132,702.5**	**128,085**
FCC Group accident rate indexes (national and international). Own personnel				
Frequency index		36.18	40.31	42.02
Severity index		0.83	0.87	0.87
Occupational accident incidence index		69.75	77.20	79.57
Absenteeism index		6.91	7.07	7.31
FCC Group accident rate indexes (national and international). Own personnel + subcontracted personnel				
Frequency index		33.92	38.22	38.59
Severity index		0.76	0.82	0.80
Occupational accident incidence index		64.58	72.12	72.91
Absenteeism index		5.87	6.12	6.24
Deaths caused by occupational accidents				
Total FCC Group (own personal + subcontracted personnel)	Nº	12	18	19
Own personnel	Nº	8	11	7
Subcontracted personnel	Nº	4	7	12

HOW THE REPORT WAS PREPARED

This Corporate Responsibility Report of FCC Group seeks to reflect the evolution of the company during 2011, and the newly defined strategic areas in the 2012-2014 Master Plan, with a description of policies and initiatives implemented in the period as well as the most relevant indicators and objectives. To learn about other initiatives launched in previous years, we recommend that the reader visits the FCC website, which contains comprehensive information on the management of corporate responsibility within the company.

In order to help the reader better understand the values of FCC, its strategy regarding corporate responsibility and action programmes, the report adheres to three strategic lines of the Master Plan (citizen connection, intelligent services and exemplary behaviour), and each chapter contains a summary of major policies and initiatives in effect for each interest group.

This report has been prepared in accordance with the Global Reporting Initiative's (GRI) sustainable reporting guidelines, as amended on March 2011 (entitled G3.1), in the highest application level (A +) as well as in accordance with the AA1000 APS Accountability Standard (version 2008).

During 2011, data collection systems were improved, and the tool by which divisions and businesses produced reports was enhanced. This IT tool, called Horizonte, is created to facilitate the collection and consolidation of qualitative and quantitative information, and was reinforced with the development of protocols to support those who prepare the reports in business areas and divisions, ensuring reliability, quality, consistency and the origin of the information.

The Department of Communications and Corporate Responsibility is responsible for coordinating accountability regarding the economic, social and environmental performance of the company, as well as the promotion of the Corporate Responsibility Master Plan.

Application of the AA100 Standard in the preparation of this report:

Inclusiveness. FCC Group and each one of its businesses regularly conduct consultations with its interest groups. This report is structured along the lines of the renewed Master Plan, for which internal consultations were conducted through interviews with managers responsible for areas and divisions, as well as external meetings with energy experts, cities, the media and representatives of NGOs and public administrations.

Relevance. During the update of the aforesaid Master Plan an analysis was carried out of sustainable trends that should be met by FCC Group as a citizen service company. This trend analysis was based on recent reports from sources such as the World Economic Forum, Slim cities: Sustainable buildings; Smart Energy, Water Resources Group, and the special 2011 report of the IPCC, the Special Report on Renewable Energy Sources and Climate Change Mitigation. Afterwards, in a round of internal interviews and with a panel of experts, the relevance of these trends was consulted as well as the material aspects that the company should take into account according to its activity, in order to add value to said Plan.

Response capability. In this Master Plan, FCC designed a series of initiatives to respond to the challenges that had been identified as key issues for the company. That is why the Group's response to the challenge of combining its activities with developing sustainable cities of the future aims to better serve its citizens, putting people of the Group at the heart of the strategy and putting greater emphasis on the sustainability of the supply chain.

Participation of interest groups and the determination of materiality

This Corporate Responsibility Report, published annually, is aimed at FCC Group's interest groups. These interest groups contribute decisively to the knowledge and understanding of issues of interest and concern to the company and therefore are a key aspect in the social management and trust in the Group. In 2010, a study of materiality was undertaken in order to address these issues and in 2011 consultation work continued for the drafting of the new 2012-2014 Master Plan. The results of these studies have focused on FCC's approach to corporate responsibility.

FCC Group promotes the participation of its interest groups through communication channels established for this purpose. The "dialogue and participation" section of this report analyses in detail these channels, through which the Group collects valuable information.

A new image for a new position

The participatory processes and analyses have identified material issues, risks and opportunities for FCC Group's corporate responsibility agenda.

In 2011, FCC Group changed the structure of its Corporate Responsibility Report, taking into account the strategic axes defined in the 2012-2014 Master Plan.

The report reflects the performance of FCC as a whole, providing information consolidated at Group level. This approach responds to the new company strategy, in which all of its business units propose their activities with one single purpose: to provide service to citizens. Sometimes, when appropriate, noteworthy examples are offered of some of the lines of business that are useful to illustrate certain issues.

Since this report contains information on the company's global focus on sustainability issues, at times some information has been omitted that might be useful. In these cases, the reader who requires further information is invited to visit the corporate website or to look at the corresponding sustainability reports published by the business divisions of FCC Group, which expand on specific details of each activity.

Scope of the Report

The scope of coverage of this report coincides with the Group's scope of financial consolidation and reflects the company's activities during 2011. Specifically, the extent of the information provided in this report, both regarding the sections on Citizen Connection and Exemplary Behaviour, corresponds to the scope of integration which is used for financial consolidation, according to which, data is considered from 100% of the participating companies over which FCC has management control, regardless of their holding. In the case of joint ventures, the value of those in which it controls the operations is included, applying its percentage of ownership as appropriate. In both the Intelligent Services and the Exemplary Behaviour sections, following the principle of materiality and the availability of information by business area, the scope of the quantitative data excludes the Proactiva subsidiary.

FCC Group, characterised for its diverse geography and activities, is working to extend the scope of information to all companies making up the group. The relationship of FCC Group companies as of 31 December 2011, and a description of each, appears in the sections "Challenges I, II, III and IV" of this Report.

Quality of the information disclosed

The purpose of this report is to provide public awareness regarding issues and indicators that have been identified as tangible, enabling the expectations of the interest groups of the Group to be met, with information being duly provided on decision making.

The drafting process has been guided by the principles established by the Global Reporting Initiative (GRI) in its G3.1 Guidelines in order to reflect quality information, and it includes the additional information required by the supplement "Construction and Real Estate", which contains specific indicators for companies in the construction and real estate sector, recently published by GRI, which must be followed by all companies that want to achieve an A + rating, awarded by GRI to those reports that follow its recommendations (table with the index of G3.1 content available at www.fcc.es). This Corporate Responsibility Report for the year 2011 offers a balanced, comparable, accurate, reliable, regular (annual) and clear perspective on the economic, social and environmental performance of the Group.

Reliability

The Corporate Social Responsibility Report 2011 of FCC has been verified by KPMG in accordance with the ISAE 3000 international standard. The scope, work description and conclusions of this verification are found in the section entitled Verification Letter.

CSR HOW THE REPORT WAS PREPARED

SELF-CLASSIFICATION OF THE REPORT IN THE G3 SCALE

	C	C+	B	B+	A	A+
Self-declaration						
External verification						
GRI review						

United Nations Global Compact

In 2011, FCC Group continued to strongly support the Ten Principles of the Global Compact, principles relating to human rights, labour rights, environmental protection and corruption. The Group has been associated with the Spanish Global Compact Association (ASEPAM) since 2007, whose main objective is to support, promote and disseminate the incorporation of the Ten Principles in the strategic vision of companies.

To show its strong support for the Ten Principles of the Global Compact, FCC Group includes a clause in all contracts with suppliers, approved by the Management Committee, which requires all suppliers and contractors to meet the FCC Group's Code of Ethics and comply with the Ten Principles of the Global Compact. This clause is a guarantee for the Group that its suppliers are adhering to these principles in their own activities.

KPMG

KPMG Asesores S.L.
Edificio Torre Europa
Paseo de la Castellana, 95
28046 Madrid

Independent Assurance Report to
the Management of Fomento de Construcciones y Contratas, S.A.

(Free translation from the original in Spanish.
In case of discrepancy, the Spanish language version prevails.)

We performed a limited assurance review on the non-financial information contained in Fomento de Construcciones y Contratas, S.A. (hereinafter FCC) Corporate Social Responsibility Report for the year ended 31 December 2011 (hereinafter "the Report"). The information reviewed corresponds to the economic, environmental and social indicators referred in the chapter entitled How the Report was prepared.

FCC management is responsible for the preparation and presentation of the Report in accordance with the Sustainability Reporting Guidelines version 3.1 (G3.1) of the Global Reporting Initiative as described in the section entitled How the Report was prepared. This section details the self-declared application level, which has been confirmed by Global Reporting Initiative. Management is also responsible for the information and assertions contained within the Report; for the implementation of processes and procedures which adhere to the principles set out in the AA1000 AccountAbility Principles Standard 2008 (AA1000 APS); for determining its objectives in respect of the selection and presentation of sustainable development performance and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Our responsibility is to carry out a limited assurance engagement and to issue, based on the work performed, an independent report. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board and also in accordance with the guidance set out by the Accountants Institute of Spain (*Instituto de Censores Jurados de Cuentas de España*). These standards require that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement and that we comply with the independence requirements included in the International Ethics Standards Board for Accountants Code of Ethics which outlines detailed requirements regarding integrity, objectivity, confidentiality and professional qualifications and conduct. We have also conducted our engagement in accordance with AA1000 Accountability Assurance Standard 2008 (AA1000 AS) (Type 2), which covers not only the nature and extent of the organisation's adherence to the AA1000 APS, but also evaluates the reliability of performance information as indicated in the scope.

A limited assurance engagement on a sustainability report consists of making inquiries to Management, primarily to the persons responsible for the preparation of information presented in the Report, and applying analytical and other evidence gathering procedures, as appropriate through the following procedures:

- Inquiries of management to gain an understanding of FCC's processes for determining the material issues for their key stakeholder groups.
- Interviews with relevant FCC staff concerning the application of sustainability strategy and policies.
- Interviews with relevant FCC staff responsible for providing the information contained in the Report.
- Visiting a residential building worksite (Urbanización Nuevo Tres Cantos), selected based on a risk analysis considering quantitative and qualitative criteria.
- Analysing the processes of compiling and internal control over quantitative data reflected in the Report, regarding the reliability of the information, by using analytical procedures and review testing based on sampling.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of FCC.

- Verifying that the financial information reflected in the Report was taken from the annual accounts of FCC, which were audited by independent third parties.

The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore also the level of assurance provided. Also, this report should not be considered an audit report.

Our multidisciplinary team included specialists in AA1000 APS, stakeholder dialogue, social, environmental and economic business performance.

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the data included in the Corporate Social Responsibility Report of FCC for the year ended 31 December 2011 have not been reliably obtained, that the information has not been fairly presented, or that significant discrepancies or omissions exist, nor that the Report is not prepared, in all material respects, in accordance with the Sustainability Reporting Guidelines (G3.1) of the Global Reporting Initiative as described in the How the Report was prepared section of the Report. Additionally, and also based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that as a result of FCC implementing the procedures described in section How the Report was prepared of the Report, any material issues have been omitted as applies to the principles of inclusivity, materiality and responsiveness as included in the AA1000 AccountAbility Principles Standard 2008.

Under separate cover, we will provide FCC management with an internal report outlining our complete findings and areas for improvement. Without prejudice to our conclusions presented above, we present some of the key observations and areas for improvement below:

In relation to the INCLUSIVITY principle

During 2010, FCC held a series of consultations with external stakeholders to identify issues relevant to the company. Furthermore, during 2011, as part of the development of its 2011-2014 Corporate Social Responsibility Master Plan and the definition of the action lines, interviews were carried out with each of the responsible units involved in the plan. In this sense, it is recommended that FCC continues working on establishing formal communication channels in order to ensure taking into account the opinion of FCC's various stakeholder groups on a regular and homogeneous basis.

In relation to the MATERIALITY principle

In the process of defining the action lines that form part of the aforementioned 2011-2014 CSR Master Plan, the issues that are most relevant for the company and hence, requiring greater attention by the Group, have been identified. To ensure the development of these priorities adopted for the attainment and progress of the Master Plan, it is recommended that FCC continues working on the formalization of the processes used to update and prioritize relevant issues.

In relation to the RESPONSIVENESS principle

The action lines of the Master Plan have been developed in order to respond to the challenges demanded by the company's key stakeholders, identified within its CSR strategy. In this sense, it is recommended that FCC advances in the development of formal and bidirectional communication tools that will allow to determine the degree of stakeholder satisfaction with the defined lines of action.

KPMG Asesores, S.L.

(Signed)

José Luis Blasco Vázquez

11 May 2012

AA1000
Licensed Assurance Provider
000-58

EXECUTIVE PERSONNEL

Chairman and Managing Director	Baldomero Falcones Jaquotot
Environment and Water	
Chairman of FCC Servicios	**José Luis de la Torre Sánchez**
Administration and Finance	Alberto Alcañiz Horta
Information Systems and Technologies	Manuel Miranda Acuña
Environment	
Corporate Manager	**Agustín García Gila**
Administration and Finance	Juan Ricote Garbajosa
Zone I.	**Jordi Payet Pérez**
Aragón-Rioja	Manuel Liébana Andrés
City of Barcelona and Balearic Islands	Pablo Martín Zamora
Catalonia I	Martín Juanola Carceles
Catalonia II	Jesús Padulles Caba
Levante I	Salvador Otero Caballero
Levante II	Francisco Javier del Olmo Gala
Serveis Municipals de Neteja de Girona, S.A.	Miquel Boix Moradell
Tirssa	Juan Almirall Sagué
Tirmesa	Pedro Barceló Martínez
Zone II.	**Faustino Elías Morales**
Andalusia I	Francisco Javier Irigoyen Arcelus
Andalusia II	Francisco José Cifuentes Santiago
Canary Islands	Miguel Ángel Castanedo Samper
Murcia-Almería	José Alcolea Heras
Zone III.	**Jesús Medina Peralta**
Castilla y León	Antonio Rodríguez Gómez
Centre	José María Moreno Arauz
Galicia	Guillermo de Cal Alonso
Guipúzcoa-Navarra	Carmelo Aguas Martínez
Madrid	Raúl Pérez Vega
North	Ernesto Barrio Vega
Vizcaya	Eladio Orive Fernández

Central Services	
Technical Services	Alfonso García García
Machinery	Antonio Bravo Díaz
Procurement	Santiago Muñoz Crespo
Studies	Antonio Pousa Blasco
Management Systems	José María López Pérez
Waste Treatment	Sylvain Cortés
Technical Services	Juan José González Vallejo
Coordination and Development	Catherine Milhau
Information Systems and Technologies	Ignacio Arespacochaga Maroto
Industrial Waste	
Corporate Manager	**Aurelio Blasco Lázaro**
Administration and Finance	Domingo Bauzá Mari
Activity Manager	Íñigo Sánz Pérez
Catalonia	Felip Serrahima Viladevall
Aragón	Julián Imaz Escorihuela
Centre and Levante	Javier Fuentes Martín
North	Iñaki Díaz de Olarte Barea
South	Manuel Cuerva Sánchez
Paper and Cardboard	Javier Montero Sánchez
Development	María Jesús Kaifer Brasero
ECODEAL	Manuel Simões
USA	Kenneth D. Cherry
Studies	Antonio Sánchez-Trasancos Álvarez
Water Management	
Corporate Manager	**Fernando Moreno García**
Administration and Finance	Isidoro Marbán Fernández
Deputy Manager, Development and International	Miguel Jurado Fernández
European Zone	Roberto Pérez Muñoz
Italy	Roberto Pérez Muñoz
Sm Vak	Miroslav Kyncl
Portugal and Extremadura	Jesús Rodríguez Sevilla
Concession	Luis de Lope Alonso
Aqualia Infraestructuras	Javier Santiago Pacheco

EXECUTIVE PERSONNEL

Central Zone	Félix Parra Mediavilla
Levante	Manuel Calatayud Ruiz
Castilla-La Mancha	Matias Loarces Úbeda
Centre and Canary Islands	Higinio Martínez Marín
Northern Zone	Santiago Lafuente Pérez-Lucas
Galicia	José Luis García Ibañez
Castilla y León	Juan Carlos Rey Fraile
Asturias	Francisco Delgado Guerra
Rest of the North	Fernando de la Torre Fernández
Aqualia Industrial	Santiago Lafuente Pérez Lucas
Southern Zone	Lucas Díaz Gázquez
Eastern Zone	Juan Luis Castillo Castilla
Catalonia	Juan Luis Castillo Castilla
Balearic Islands	Eduardo del Castillo Fernández
Corporate Development	Pedro Rodríguez Medina
Studies	Alejandro Benedé Angusto
Innovation and Technology	Frank Rogalla
Service Management	Enrique Hernández Moreno
Marketing and Communication	José Arce de Gorostizaga
Contracting	Antonio Vassal´lo Reina
Commercial	Cecilio Sánchez Martín
Management and Client Control	Manuel Castañedo Rodríguez
International	
International Manager	**Tomás Núñez Vega**
Assistant Manager	Felipe Urbano de Saleta
Operations	Agustín Serrano Minchán
Austria and Central Europe	
CEO	Petr Vokral
CFO	Björn Mittendorfer
Austria, Hungary	Leitner Wolfgang
Czech Rep., Slovakia, Poland	Arnost Kastner
Romania, Bulgaria, Serbia	Jakub Koznarek
SUW Energy Recovery	Gerhard Ganster
Egypt	Manuel Ramírez Ledesma

United Kingdom	
CEO	Paul Taylor
CFO	Vicente Orts Llopis
Development	Andy Ryan
Treatment and Disposal	Chris Ellis
PFI	John Plant
Proactiva Medio Ambiente, S.A.	
Chairman	**Olivier Orsini**
Corporate Manager	**Ramón Rebuelta Melgarejo**
Manager, Mexico	Roberto Gómez Morodo
Manager, Venezuela	Fernando Moncaleano
Manager, Brazil	Régis Hahn
Manager, Argentina	Juan Carlos Hegouaburu
Manager, Colombia	José Quevedo
Manager, Chile	
Manager, Peru	Marlik Bentabet
Manager, Ecuador	Óscar García Poveda
Versia	
Chairman of FCC Versia, S.A.	**José Luis de la Torre Sánchez**
Corporate Manager	**Carlos Barón Thaidigsmann**
Administration and Finance	Juan Carlos Andradas Oveja
Information Systems and Technologies and CSR	Fernando del Caño Palop
Conservation and Systems	Ángel Luis Pérez Buitrago
Sistemas y Vehículos de Alta Tecnología (SVAT)	Ignacio Cabanzón Alber
Handling-Flightcare	Ángel Felipe Marcos Fernández
Corporación Europea de Mobiliario Urbano (CEMUSA)	Eric Marotel Guillot
FCC Logística, S.A.	Luis Marceñido Ferrón

EXECUTIVE PERSONNEL

Construction	
Chairman of FCC Construcción	**José Mayor Oreja**
Corporate Manager, FCC Construcción	**Avelino Juan Acero Díaz**
Administration and Finance	Cesar Mallo Arias
Information Systems and Technologies	Tim Riewe
Assistant Corporate Manager of Construction and Area III	**Jordi Piera Coll**
Deputy Corporate Managers	
· Area I: Zones I, IV, VII and VIII	Javier Lázaro Estarta
· Area II: Zone II and Europe	Alejandro Tuya García
· Area III: Zones V and VI	Jordi Piera Coll
· Area IV: Investee Companies and Concessions	Santiago Ruiz González
· America and Transport: America and Zone IX	Alejandro Cisneros Müller
· Studies and Contracts	Pedro Gómez Prad
· Technical Services	José Luis Álvarez Poyatos
· Corporate Area	José Ramón Ruiz Carrero
Area I	**Javier Lázaro Estarta**
Zone I - Andalusia	José María Torroja Ribera
	Francisco Campos García (Deputy Corporate Manager)
· Andalusia West	
	Jaime Freyre de Andrade Calonge (Civil Engineering)
	Jesús Amores Martín (Building)
· Andalusia East	
	José Antonio Madrazo Salas (Civil Engineering)
	Andrés García Sáiz (Building)
Zone IV - Canary Islands	Juan Madrigal Martínez-Pereda
· Las Palmas	Enrique Hernández Martín
Zone VII - Centre, Basque Country, Rioja and Portugal	Antonio Pérez Gil
· Castilla-La Mancha and Extremadura	Aurelio Callejo Rodríguez
· Madrid Civil Engineering Works	Ángel Serrano Manchado
· Basque Country and Rioja	Norberto Ortega Lázaro
· Portugal	Antonio Ribeiro Mendes
Zone VIII - Northwestern	Javier Hidalgo González
· Castilla y León	
	José Manuel San Miguel Muñoz (Civil Engineering)
	Florentino Rodríguez Palazuelos (Building)
· Galicia	Juan Sanmartín Ferreiro
· North	Guillermo Castanedo Elizalde
Area II	**Alejandro Tuya García**
Zone II - Building Madrid	Emilio Giraldo Olmedo
· Madrid Building I	Alfonso García Muñoz
· Madrid Building II	Francisco Mérida Hermoso
· Madrid Building III - REHAVIVA	Francisco Pelluz Cuesta
· Madrid Building IV - Development and Management	Carlos García León
	Guillermo Alcaide García (Real Estate Assets)
European Zone	Alcibíades López Cerón
· Europe Construction	Lorenzo Aníbal-Álvarez Díaz-Terán
· Romania	Sébastien Picaut
· Poland	Miguel Ángel Mayor Gamo
· United Kingdom and Ireland	Rafael Foulquie Echevarría
ALPINE	
Corporate Manager of Alpine Holding (CEO)	Johannes Dotter
· Administration of Alpine Holding	Enrique Sanz Herrero
· Operations of Alpine Holding	Werner Watznauer
· Manager of Alpine Holding	Javier Córdoba Donado
· Liaison with Alpine	Ramón Gómez Andrío
Area III	**Jordi Piera Coll**
Zone V - Levante, Aragón and Navarra	Teodoro Velázquez Rodríguez
· Valencia Civil Engineering Work	Rafael Catalá Reig

EXECUTIVE PERSONNEL

· Valencia Building	Leopoldo Marzal Sorolla
· Balearic Islands	Miguel Ángel Rodríguez Rodríguez
· Murcia	Juan Antonio López Cánovas
· Aragón and Navarra	Roberto Monteagudo Fernández
Emirates Subzone	Leopoldo Marzal Sorolla
· Qatar	Iván Morales Puigcerver
· Abu Dhabi	Gerardo Cruz Serrano
Zones III and VI - Catalonia	Francisco Vallejo Gómez
	Francisco José Dieguez Lorenzo (Deputy Corporate Manager)
· Catalonia Building	Jordi Marí Escanellas
· Catalonia Civil Engineering Works I	Josep Torrens Fonts
· Catalonia Civil Engineering Works II	José Luis Negro Lorenzo
Subzone of Northern Africa, Saudi Arabia and Kuwait	
· Algeria	Josep Torrents Fonts
· Saudi Arabia/Kuwait	Juan Manuel Cadenas Armentia
Area IV	**Santiago Ruiz González**
· Technical Manager	Miguel Ángel Lobato Kropnick
· Specialized Construction	José Miguel Janices Pérez
· FCC SIE (Servicios Industriales y Energéticos)	Antonio Alfonso Avello
· FCC ACI (Actividades de Construcción Industrial)	Pablo Colio Abril
· Mantenimiento de Infraestructuras (MATINSA)	Miguel Cañada Echániz
· Prefabricados DELTA and MEGAPLAS	Rafael Villa López
· Proyectos y Servicios (PROSER)	Amalio Aguilar Bustillos
· Concessions	Félix Corral Fernández
America and Transport Area	**Alejandro Cisneros Müller**
Zone IX - Transport	
· Transport	Alberto Enciso García
Latin-American Zone	Eugenio del Barrio Gómez
· Mexico	Pedro D. Z. Carneiro Chaves
· Central America	Julio Casla García
· Brazil	Antonio José A. S. Tenreiro

· Colombia and Ecuador	Pedro José Collado Gómez
· Chile and Peru	Enrique Marijuan Castro
United States and Canadian Zone	Jaime Freyre de Andrade Calonge
Technical Services	José Luis Álvarez Poyatos
· Construction Support	Jesús Mateos Hernández-Briz
· Quality and Training	Antonio Burgueño Muñoz
· Innovation and Technology	Francisco Estaban Lefler
· Machinery	José Manuel Illescas Villa
· BBR PTE	Fernando Tejada Ximénez
Corporate Areas	
Human Resources	Ángel Ignacio León Ruiz
Institutional Relations	Julio Senador-Gómez Odériz
Occupational Risk Prevention	Cristina García Herguedas
Infrastructure Concessions	
Globalvía	
Chairman	**Juan Béjar Ochoa**
Corporate Manager	**Luis Sánchez Salmerón**
Cement	
Chairman and Managing Director of Cementos Portland Valderrivas, S.A.	**Juan Béjar Ochoa**
Corporate Manager, US Market	Duncan Cage
Corporate Manager, African Market	François Cherpion
Corporate Manager, Industrial	Francisco Zunzunegi Fernández
Corporate Manager, Environment, Sustainability and Innovation	José Ignacio Elorrieta Pérez de Diego
Corporate Manager, Legal Affairs	José Luis Gómez Cruz
Corporate Manager, Administration and Finance	Jaime Úrculo Bareño
Corporate Manager for Human Resources, Information Systems and General Services	Fernando Dal-Re Compaire

EXECUTIVE PERSONNEL

Corporate Manager for Internal Audits	Fernando Robledo Sáenz
Dirección de Comunicación	María Dolores Álvarez
Energy and Sustainability	
Corporate Manager	**Eduardo González Gómez**
Administration and Finance	José María Tomás Moros
Renewable Energy Sources	Juan Cervigón Simó
Energy and Sustainability Services	Carlos Urcelay Gordobil
Planning and Investments	Alejandro Seco Barragán
Construction and Solar Thermal	Hermenegildo Franco Martínez-Falero
Real Estate	
Realia	
Chairman of Realia Business, S.A.	**Ignacio Bayón Mariné**
Corporate Manager	Íñigo Aldaz Barrera
Secretary of the Board of Directors	Jesús Rodrigo Fernández
Area Managers	
Strategy and Investor Relations	Jaime Llorens Coello
Administration and Finance	Juan Antonio Franco Díez
Equity	Agustín González Sánchez
SIIC de París	Jorge Sanz Marcelo
Developments	Ana Hernández Gómez
Legal Affairs	José María Richi Alberti
Marketing and Communication	María Prieto Peña
General Secretary's Office	
General Secretary	**Felipe B. García Pérez**
Corporate Manager for Legal Affairs	José María Verdú Ramos
Madrid Legal Affairs Office	Javier Gil-Casares Armada
Barcelona Legal Affairs Office	Esteban Correa Artés
Construction	Nicolás Ossorio Martín
Services	Alfonso Goncer Coca
Versia	Juan de los Ríos Jimeno
ALPINE Group	Astrid Menacho Erxleben

Energy	Mar Sáez Ibeas
Corporate Expenses and General Services	José María Seoane Yarza
	Francisco J.Sánchez Pérez (Deputy Corporate Manager)
Administration and Information Technologies	
Corporate Manager	**Antonio Gómez Ciria**
Deputy Corporate Manager, Administration	Juan José Drago Masià
Administrative Coordination	Alberto Farré Ramos
Taxes	Miguel Mata Rodríguez
International Taxes	Natalia Soto Reumkens
Administrative Organization and Budgets	José María Alamañac Gil
Innovation Management	Enrique Unamunzaga Guisasola
Information Systems and Technologies	Javier López Costa
Reengineering and Corporate Processes	Manuel Argüello Pastor
Operation of Infrastructure and Telecoms	Marcos Navarro Alcaraz
Management Systems	Rafael Gómez-Acebo
IT Administration	Alfredo García López
Information Security and IT Risk Management	Gianluca D'Antonio
Procurement Management	Juan Carlos Montejano Domínguez
Procurement, Subcontracts	David Álvarez Rodríguez
Purchasing, Vehicles and Machinery	Jaime Peromarta Regert
Purchasing, Services and Supplies	Fernando Moncho Raynaud
Purchasing, Technical Equipment and IT	Laura Lloro Modrego
Management Control and Risk Management	Raúl González Lorente
Management Control	José Martín Vázquez
Risk Control	José Ignacio Domínguez Hernández
Finance	
Corporate Manager	**Víctor Pastor Fernández**
Finance. Finance Manager	Manuel Somoza Serrano
	Esther Alcocer Koplowitz (Assistant)
	Alicia Alcocer Koplowitz (Assistant)

EXECUTIVE PERSONNEL

Stock Market and Investor Relations	Miguel Coronel Granado
Domestic Financing and Afigesa	José Manuel Carrasco Delgado
International Financing	José Liébana Alcantarilla
Structured Financing	Francisco Vila Meizoso
Studies and Projects	Jesús González García
Financing Control	Mariano Pérez Lorrio
Treasury	Diego Salgado Otones
Insurance	Miguel Ángel Jabal Madrid
Human Resources	
Corporate Manager	**Francisco Martín Monteagudo**
Organization Processes and Services	José María Merino Matesanz
Training and Development	Alfredo Amores Gorospe
Organization and Compensation	Ana Valderrábano González
Screening and Hiring	Germán García Caballero
Employee Services	Emilio Hermida Alberti
Personnel Administration	Juan María Egido García
Labour-related Legal Affairs	Álvaro García-Orea Álvarez
Employee Office	Carlos Cobián Babé
Occupational Risk Prevention	Juan Carlos Sáez de Rus
Labour Relations	Luis Suarez Zarcos
Medical Services	Rafael Echevarría de Rada
Integral Reporting System and Scorecard	Miguel Jesús Rubio Ruiz
Safety	Eduardo del Rosal Vergara

Internal Audits	
Corporate Manager	**Miguel Hernanz Sanjuán**
Deputy Manager, Internal Audits, Domestic Area	María Jesús Fernández López
Deputy Manager, Internal Audits, International Area	Sara Megía Recio
Communication and Corporate Responsibility	
Corporate Manager	**José Manuel Velasco Guardado**
Information Relations	Julio Pastor Bayón
Corporate Marketing and Branding	Juan Pablo Merino Guerra
Corporate Responsibility	Javier López-Galiacho Perona

Citizen Services

www.fcc.es